DOCUMENT RESUME

ED 147 559 08 **CE 013 876**

TITLE Business Ownership and Management Core Curriculum. Teacher's Guide.

INSTITUTION National Business Education Association, Washington, D.C.

SPONS AGENCY Bureau of Occupational and Adult Education (DHEW/OE), Washington, D.C. Curriculum Development Branch.

PUB DATE [72]

NOTE 113p.; For a related document see CE 013 875 ; Reproduced from best copy available

EDRS PRICE MF-$0.83 HC-$6.01 Plus Postage.

DESCRIPTORS *Business; Business Administration; Business Education; Career Exploration; Core Curriculum; Curriculum Guides; Educational Objectives; Junior High Schools; *Lesson Plans; *Management; *Marketing; *Money Management; *Personnel Management; Prevocational Education; Teaching Techniques; Vocabulary

ABSTRACT

This curriculum guide accompanies a business ownership and management curriculum designed for the prevocational and exploratory grade levels (grades 7-9). An explanation of the need for such a curriculum, an overview of the curriculum, and instructions for using this guide are included in the three introductory sections. Major content consists of eleven lesson plans, each designed for approximately one hour in length. The lesson plans cover the following four topics: the business owner, marketing, personnel management, and financial management. Vocabulary study sheets, concept study sheets, and supplementary materials designed to accompany each of the four major topics are also included. (BM)

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BUSINESS OWNERSHIP AND MANAGEMENT

CORE CURRICULUM

TEACHER'S GUIDE

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Prepared by the National Business Education Association for the Bureau of Occupational and Adult Education, Curriculum Center, Office of Education.

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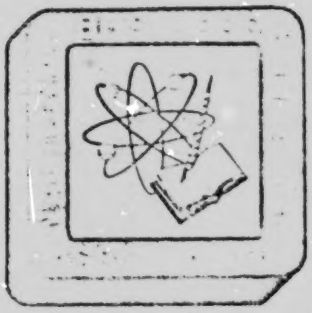

A NOTE TO THE TEACHER:

Career education is a challenge in many ways for us as educators. At the seventh, eighth and ninth grade levels, we are seeking to broaden the awareness of young people in respect to the wide variety of careers which are open to them. We are, in effect, building a data bank of knowledge which the youngster can tap when the time comes for making a career choice.

Making a career choice means that as one life course is selected others are screened out. Not every person is suited to every job, no more than every job appeals to every person. The young person begins early in career awareness and exploration to pick and choose among the offerings. This is as it should be. The teacher who presents this series of learning experiences has not failed if not all students choose ownership and management as primary career choice. Indeed it is important that the young people assess this, and all career choices, in terms of their own interests, needs, abilities, and goals. Once this analysis is complete, the student should be able to say realistically "Yes, this career sounds interesting to me", "No, I am not interested", or "I'm not sure. I want to find out more before I make a decision". The teacher has not failed as a teacher if some of the students do not find ownership and management attractive as a career choice. The students have not failed if they cannot successfully function in the simulated business tasks. The students are sampling, trying the careers on for size. The roles will still fit loosely on their shoulders.

This teacher's guide is designed to help meet the challenge of career education. Not all the questions that might be asked about ownership and management are answered in this curriculum module, nor are they intended to be. The best source of information is the business community in your area. Not only will members of the business community be willing to serve as guest speakers, many are also willing to answer questions which a teacher may have about owning or operating a business. After all, most people like to talk about things they enjoy, and most owners and managers enjoy their work.

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SECTION I

Need for Curriculum

In a typical American classroom, there are three or four potential business owners. They may be college-bound students following any of the disciplines from the arts to the sciences, from engineering to pharmacy. They may also be found following vocational courses: potential hairdressers, technicians of all types, salespersons, printers, or welders. They will have backgrounds as varied as the types of business they will own. In fact, one in three of these potential owners will become dropouts.

In 1968, the U.S. Census Bureau listed 9 million proprietorships, 900 thousand partnerships, and 1.5 million corporations, a total of almost 12 million businesses. Twelve million businesses suggest at least 15 million owners, or an appreciable part of the civilian work force. How many of these are owners of large corporations? Most of these businesses are small; a large number of them realize net receipts of less than $10,000 per year. In fact, a major portion of American businesses are small. But large or small, they are a vital part of American life.

The owners of these businesses represent a true cross-section of the American population. In education they range from persons holding Ph.D.'s to those who never finished high school. In fact, some never got to high school. This last group represents a sizable proportion -- 37 percent of business proprietors in 1960. In background, they range from those who were born into wealth to those who were born in abject poverty. They are not only a part of the urban and suburban population but of the rural and small-town population as well. Three million of them are farmers.

Statistics compiled by Dun and Bradstreet indicate that 34.3 percent of those who go into business fail within the first three years. Many of these failures result from lack of preparation for their new role.

Because it desires to awaken young people to the wide variety of ownership careers available, and to create the necessary resource material, the Bureau of Occupational and Adult Education of the U.S. Office of Education has awarded the National Business Education Association a grant to develop a business ownership and management curriculum to be used at the prevocational and exploratory levels (grades 7-9). The goals of the curriculum are to make the students aware of the problems that business owners must solve, the means available for finding solutions, the demands that are made upon the owner, and, hopefully, the emotional reward that comes with a job well done. An understanding of the requirements, problems, concerns, and techniques of business owners is as vital to success in this occupation as the knowledge of the techniques, materials, and usages, and the like of any other occupation is to those who

pursue it. Only through formal education can this knowledge be acquired with any degree of certainty, and only in this way can the percentage of failures of new businesses be reduced.

In developing the curriculum, NBEA has taken into consideration the facts that the youngsters for whom this material is intended have little experience in the adult world; they are limited in what they can absorb, and they have a limited ability to deal in abstractions. In many cases, they need to be drawn into participation in the class; they need to feel that what they are discussing and dealing with is real in some sense.

The main load of conveying information is carried by a combination of teacher, text, and audio-visuals. The audio-visuals, four sound filmstrips, are the principal conveyer of factual information in the course. These are backed up by ancillary materials. This reversal in traditional usage has been taken because it deemphasizes reading.

Ancillary materials in mathematics and reading have been included. The ancillary materials are designed for use in classes other than that in which the basic curriculum is presented.

SECTION II

Curriculum Overview

The curriculum for seventh, eighth, and ninth grades has been designed to be covered in eleven consecutive class sessions, with each session approximately one hour in length. However, if the school lesson period is appreciably less than sixty minutes, the curriculum is sufficiently flexible to be spread over a longer period, as required.

The following lesson plans permit the reinforcement of the information presented in the filmstrips. This is particularly important for students with limited vocabulary and math skills.

Filmstrip No. 1, The Business Owner, introduces the student to the possibility of business ownership as a career and briefly touches on the various areas of responsibility involved and what they comprise.

Filmstrip No. 2, Marketing, introduces the concept of marketing. It discusses methods of advertising and selling, the rationale behind market research, sales projections and forecasting, and the concepts and principles of regulating inventory. It deals also with building up a price, the effects of the market on price, and the concept of the breakeven point.

Filmstrip No. 3, Personnel, deals with the purview of personnel. It outlines the criteria for selecting a work force and assigning tasks and delegating responsibility. It identifies the types of rewards sought by employees, the major types of compensation, and the criteria for determining employee compensation. Personnel also reviews the reasons for rules and policies.

Filmstrip No. 4, Financial Management, promotes the concept that every business problem is related to a financial problem. It defines assets and liabilities and how to discriminate between the two. It discusses cost control, determining a monthly cash requirement, budgeting, and projections. It also identifies three money sources and describes how to read a simple balance sheet.

SECTION III

Using the Guide

The lesson plans in this guide are designed to permit the widest possible spread in usability with different ability groups of students. The teacher should keep in mind the specific class with which the materials are to be used in determining the degree to which the lesson plans can be followed exactly. Some classes will be able to go only a limited distance in the amount of material made available. In that instance the teacher must use his own judgement to determine how far into the materials he will comfortably be able to take the students. Other classes may be able to assimilate all the information made available and still seek more. For these classes, the teacher is urged to permit the students to delve as deeply as they wish into the ownership and management role.

Speakers from the business community are always useful in providing a more complete picture of the career choice under exploration. The inclusion of these community resource persons permits the coordination of the business and education communities as well as the presentation of a variety of points of view.

In reference to the needs of the curriculum project, there is no requirement that grades be taken during the eleven day course of study. However, the teacher is welcome to take those grades he sees fit based on the materials.

While the teacher may deviate from the lesson plans as necessary to meet the needs of a particular student group, the sequence of use of the materials should not be changed. The core and ancillary curricula are designed so that they are interrelated. Changing sequence in the core curriculum will cause the language and math learning experiences to be out of sinc. Any change should be planned through the three areas.

In the curriculum guide included in this teacher's guide, several films have been suggested for use if they are available. Recognizing budgetary limitations of school systems, the project does not suggest the purchase of any films. However, it is suggested that local resource centers and film libraries be accessed to determine if appropriate films are available. In each instance, films should be reviewed prior to classroom use.

These are motion pictures which relate to business management and, with proper planning, have been found to be effective teaching aids. They can be found in many local film libraries.

Office Supervisors Problem Series

Bright Young Newcomer
The Follow Through
The Grapevine
How Much Cooperation
In the Middle
Promotion Bypass

Plant Supervisors Problem Series

Delegating Work
Enforcing Rules and Procedures
The Hidden Grievance
The Personnel Problem
Personality Conflict
The Trouble with Women

Modern Management Film Series

Cash on the Barrelhead
The Case of the Missing Magnets
Challenge of Leadership
Listen Please

The Marvelous Mouse Trap

Major Concepts: I. Ownership as a viable career choice.
II. Ownership as a multi-faceted career.
III. Ownership as a decision making career.

CURRICULUM GUIDE

The Business Owner | Business Ownership and Management | Topic I

Objectives	Suggested Materials	Teaching Strategies
Students should be able to: 1. State the measure(s) of success of any business. 2. Identify by name and function the main sub-divisions of responsibility. 3. Recall that the owner has the final responsibility for the business. 4. Recall that the owner should have a working knowledge of a business before becoming an owner. 5. Recall that the owner should like the business he enters. 6. Identify and characterize the three main types of business enterprises. 7. Recall that production is a function of people and their work environment. 8. Recall that rules and policies are necessary. 9. Define, state purpose of, and limits on goal setting. 10. State the main features of a business plan.	Filmstrip Projector Lesson Plans Nos. 1, 2, and 3 Filmstrip No. 1, "The Business Owner" Vocabulary Study Sheets (optional) Concept Study Sheets (optional) Ancillary Materials Film - "Freedom 2000"	1. Follow Lesson Plans No. 1, 2, and 3. ADDITIONAL SUGGESTIONS FOR REINFORCEMENT OF CONCEPTS 1. For low-to-average ability students, those with reading problems, etc., concept study sheets and vocabulary study sheets may be given to students daily. Vocabulary study sheets would be given at the beginning of the hour The words should be read aloud to the class so that they may begin to add them to their sight vocabulary. Concept sheets would be given out at the conclusion of class. ADDITIONAL SUGGESTIONS TO EXPAND LEARNING 1. Invite the owner of a local small business as guest speaker. As an added means of providing diversity, an attorney, doctor, farmer, etc. can be chosen to speak. These careers are not usually identified as being related to ownership of a sole proprietor or partnership nature. 2. As homework, students may write about the kind of business which each finds most interesting. A longer project

Objectives	Suggested Materials	Teaching Strategies
		may be developed by having students interview a business owner or manager and then write a report. Several basic questions should be asked by all students in their interviews. Examples are: Why did you choose the business you are in? Do you like owning your own business? What was your biggest problem when you started your business? What are some of the major problems in your kind of business? What are some of the things you like most? 3. Selected students may be asked to research laws about setting up a corporation. Others may research the workings of the Securities Exchange Commission. 4. Students may undertake as a class project to "play the market." Each student is to be given a certain credit dollar amount ($1,000, $2,000, $5,000, etc.) and asked to "spend" his investment credit on stock which he selects from the market listings in the newspaper. The students must then follow their stocks in the newspapers for two weeks, buying and selling at will but maintaining a record of each transaction and its costs and fees. At the conclusion of the two-week period (a longer period

Objectives	Suggested Materials	Teaching Strategies
		could be utilized if desired), the student with the greatest asset value wins. Other winner categories may include the person who held the stock that increased the most, etc.
Evaluation: While tests may be used if desired, it is suggested that use of discussion is a better means of determining the level of understanding of concepts offered as opposed to acquisition of specified skills or knowledge.		

Major Concepts: I. Marketing as a facet of business.
II. Marketing as more than just selling a product.

CURRICULUM GUIDE

Marketing Business Ownership and Management Topic II

Objectives	Suggested Materials	Teaching Strategies
Students should be able to: 1. Describe marketing in its functions within a business. 2. Identify three ways of selling a product or service. 3. Identify four ways to advertise a product or service. 4. State two common uses of a sales projection. 5. Describe the purpose of forecasting market trends. 6. Describe, in simple terms, the major effect of the market on price. 7. Identify and describe the elements used to create a price. 8. Describe how a breakeven point is determined. 9. Given appropriate information (cost and income) determine if sales are profitable, breaking even, or at a loss. 10. State two basic rules for establishing an inventory level.	Filmstrip Projector Lesson Plans Nos. 4 and 5. Filmstrip No. 2, "Marketing" Vocabulary Study Sheets (optional) Concept Study Sheets (optional) Ancillary Materials Game - "Dealer's Choice" Trade Journals Magazine or Car Dealer Advertisement Stating "Body by Fisher"	1. Follow Lesson Plans Nos. 4 and 5. ADDITIONAL SUGGESTIONS FOR REINFORCEMENT OF CONCEPTS 1. Begin a discussion on how some of the students earn money. Some may have gone from door-to-door asking to mow lawns, sell papers, etc. Point out that this action involves both the act of selling (by selling services) and the broader act of marketing. When the youngster decided he had something to sell (his ability to mow lawns, baby sit, etc.)and went about selling his service (door-to-door sales, word of mouth advertising) he was functioning in the marketing part of his "business". Lead into a discussion of how companies decide when, where, and how to advertise. 2. To illustrate the difference between advertising and selling, have students select newspaper and magazine ads and bring them in. Ask them to look for those things which are most eye attracting and to identify the best selling points of the product or service. Select several and display them. Talk about why the ads are good or bad.

Objectives	Suggested Materials	Teaching Strategies
		Ask students if they would like to buy the product or service advertised. If they would, the advertising has accomplished part of its goal. Keep a tally of how many think they want each item. Compare. Then ask how many actual sales took place in class. The answer, of course, is none. No one actually bought the product. Advertising is a means of trying to sell the product. Only when an order is taken(a product or service bought) does a sale take place.
		3. To illustrate inventory, have the students inventory the classroom. Have them analyze the inventory on the basis of need. Are there too many of an item (student desks, etc.)? Discuss how many students the class is designed to serve (based on past experience). Explain that a business often uses past experience as a basis to project or estimate what it will sell in the coming year. Explain that other things are considered in making the sales projection or estimate of the number of sales the company expects to make. Some of these are whether or not people are spending freely, or if money is tight; cost compared to other brands; whether the need for the product is increasing,

Objectives	Suggested Materials	Teaching Strategies
		decreasing, or remaining static. To explain changing inventory needs according to sales projections, changing class sizes may be used for an example. If the school projects 100 classes of 35 students each, they will need 3,500 chairs. If fewer students arrive, the inventory is too large; if more students come, the inventory is too small. The school then needs to make adjustments. 4. One of the clearest explanations of the need to forecast market trends is the example of the buggy manufacturer with the advent of the automobile; and the capability to mass produce the automobile. (An example of buggy manufacturer who recognized the market trend was Fisher. He turned his firm to the making of auto bodies Although the company was absorbed by General Motors, the name Fisher still appears in advertising of General Motor cars, "Body by Fisher." Fisher name stood for carriages, then fine auto bodies.) 5. To illustrate the cost of advertising have students ask local radio, television, newspaper, and magazines (if any) for advertising rates. Have selected students write to major

Objectives	Suggested Materials	Teaching Strategies
		magazines, newspapers, and television stations in other areas to compare rates. City youngsters should ask small rural papers for their rates. When responses come in, point out that circulation or number of persons reached helps to determine rates. ADDITIONAL APPROACHES FOR USE WITH MORE ADVANCED STUDENTS 1. Give students a list of five fictitious products or services, or let them select their own. In small groups, the students then plan advertising campaigns. The campaign plan should show where the ads will be placed, how many times in a three-month period, and how much the total campaign will cost. 2. Have students, as a group, make a twelve-month sales projection for a seasonal item such as swimwear or toys. Using the sales projection, have students identify when employees must be hired, production set up, and delivery made.

Major Concepts: I. Personnel Management as a vital function of business.
II. Personnel Management as a decision making position.

CURRICULUM GUIDE

Personnel Management | Business Ownership and Management | **Topic III**

Objectives	Suggested Materials	Teaching Strategies
Students should be able to: 1. Recall that production is a function of people and their work environment. 2. Recall that rules and policies are necessary. 3. State the major criteria for selecting work force. 4. Recall that assignments must be based on the strengths and weaknesses of both the owner and the person to whom work is being assigned. 5. Identify the principal rewards sought by employees. 6. Identify and describe the major types of compensation (wage, salary, commission, benefits). 7. State the major criteria for determining employee compensation. 8. State the criteria for determining if a task can be delegated and to whom.	Filmstrip Projector Filmstrip No. 3, "Personnel Management" Lesson Plans Nos. 6 and 7 Case Studies Sample Application Vocabulary Study Sheets (optional) Concept Study Sheets (optional) Ancillary Materials Film - "Cash on the Barrelhead" Film Series - Office Supervisor, Management Training Teletrainer (available from the telephone company).	1. Follow Lesson Plans Nos. 6 and 7. ADDITIONAL SUGGESTIONS FOR REINFORCEMENT OF CONCEPTS 1. Open a discussion on how youngsters function in school. If the day is hot and the classroom steamy, how good is their work? If the youngster isn't feeling well, how is his work affected? What effect does worry have? Point out that the way we feel often determines how productive we are. 2. Lead the discussion to include what makes us want to do things. Some points to include are: the way in which we are asked/told to do a thing; the way we feel about the person giving directions; how we feel about the job itself. The students should begin to recognize that how people relate to one another affects their ability to work together. They should also begin to realize effective communication among people is extremely important in getting a job done. 3. Open a discussion about the kind of jobs and tasks the youngsters have done (including household chores). Get the students to compare jobs they like with ones they don't like. Draw them to conclude that different people are happy

Objectives	Suggested Materials	Teaching Strategies
9. Recall the basic rules for, and limits to, delegation of responsibility and authority.		at different jobs. Draw them also to the conclusion that some jobs make us so unhappy that even a great deal of money doesn't make the job worthwhile for us. 4. If available, the film "Cash on the Barrelhead" gives a good explanation of fringe benefits. The film is not a recent one so the cost figures are low, but the concepts are valid. 5. Bring in the help-wanted section of a local paper. Discuss some of the jobs that are available. With advanced students, a research project can include finding out what tasks are entailed in several different jobs listed. Have students select one job. Pass out employment applications. Go over each of the questions on the application; help the students fill out the application. 6. Using the help wanted ads, the completed applications, and a teletrainer, the students can simulate calls to make appointments for job interviews. Place one student outside the classroom with a telephone instrument. Have him "call" another student inside the room on the other telephone instrument and request an appointment for an interview.

Objectives	Suggested Materials	Teaching Strategies
		7. A follow-up exercise is to role play interviews. Perhaps it may be possible for a personnel manager to speak to the class and to role play some interviews. ADDITIONAL APPROACHES FOR USE WITH MORE ADVANCED STUDENTS 1. Films in The Office Supervisor series are short (7 or 8 minutes average in length). They deal with typical human relations problems that a supervisor faces. The films are dramatized case studies that are open-ended for discussion. 2. Case studies may be used with more advanced students. Students may discuss their responses or role play may be utilized in finding alternative solutions. Students should come to recognize that human relations problems are not always easy to solve. Sometimes the solution is a continuing one, such as continuing to give praise to a worker who needs an extra share of it.

Major Concepts: I. Financial Management as a function of business ownership and management.
II. Financial Management as an assessment of business success.

CURRICULUM GUIDE

Financial Management | Business Ownership and Management | Topic IV

Objectives	Suggested Materials	Teaching Strategies
Students should be able to: 1. Recognize that many business problems are related to financial problems. 2. Characterize assets. 3. Characterize liabilities. 4. State the criteria for differentiating between assets and liabilities. 5. Describe how the net worth of a company is computed. 6. Characterize fixed and variable costs. 7. State the criteria for discriminating between fixed and variable costs. 8. Identify which of these two cost categories can be used to control cost. 9. Describe how the cash requirement for a month is determined. 10. Given a simple calendarized budget, make a cash projection for a month.	Filmstrip Projector Filmstrip No. 4, "Financial Management" Lesson Plans Nos. 8 and 9 Concept Study Sheets (optional) Vocabulary Study Sheets (optional) Ancillary Materials Game - "Stock Market" Game - "Dealer's Choice" Game - "Business Strategy"	It is anticipated that the concepts presented in Financial Management will be the most difficult for students. They will require more reinforcement by methods over and above the use of the filmstrip. 1. Follow Lesson Plans Nos. 8 and 9. ADDITIONAL SUGGESTIONS FOR REINFORCEMENT OF CONCEPTS 1. Lead a group discussion on borrowing money. An example may be a youngster who has spent his allowance but needs money to buy something he wants very much. Use as an example something that is very popular for the age group. Fix a price of about $12. Perhaps the desired item is a three-record set recorded by a popular group, a $15 value for $12. The youngster has $5 saved and must borrow the remaining amount. Illustrate (1) the amount still required to complete the purchase, (2) how a loan may be made that requires security, giving examples, (3) how much is paid back with interest (choose the prevalent bank rates), (4) how long it will take to pay back.

Objectives	Suggested Materials	Teaching Strategies
11. Identify three sources of money.		Point out to those who suggest paying back in installments that equal total allowance, that they will be without money for other needs. 2. From the discussion of loans on a small scale, the dialogue can move to large-scale business loans. Demonstrate the amount of interest due monthly on large loans of $20,000, $100,000, $500,000 or $1 million at an interest rate of 6-1/2%, 8%, and 12%. This will illustrate the importance of borrowing only the amount needed, since the money must be paid back with interest. The businessman must put up some kind of security as well. He may put up equipment or buildings if the business owns any. He may use as security bills owed by his customers, if the bank will accept those. 3. Once the student begins to understand the importance of borrowing only that which is needed, he is ready to learn how to determine cash needs. Ask the students to identify the costs that a typical business experiences every month (salary, rent, office supplies, telephone, utilities, manufacturing supplies, equipment rented or leased, postage, are good examples). 4. Arbitrary amounts may be put against these categories for a one-month

Objectives	Suggested Materials	Teaching Strategies
		period. Have students identify those fixed costs that stay the same from month to month (rent, equipment rental or lease). Show two or three months in a row, having students give the amounts to fill in for each category. Ask students how they can determine the total cash needs for any of the months given. Add the columns and determine the cash needs for each month. In talking about each cost category, discuss how the manager can control or change costs. How do salary dollars become greater or lesser than the previous month? How can utility costs be changed, etc.? 5. To differentiate between fixed and variable costs, the first thrust will be to define the words. "Variable" itself is used in many other ways than in conjunction with business costs. Used in examples such as variable costs or variable moods, the word should become more meaningful. 6. To begin to clarify the concept of assets and liabilities, a discussion may be started around personality assets and liabilities. From there, the discussion may be led to a discussion of the physical or environmental assets of the school or the

Objectives	Suggested Materials	Teaching Strategies
		community. As the students begin to differentiate between assets and liabilities, the discussion can move to the assets and liabilities of a business. Make two columns on the chalkboard. Title one assets; the other liabilities. Name various items and ask students to define them and say whether it is an asset or liability: cash on hand, accounts payable, accounts receivable, buildings and equipment, equipment lease, taxes, long term notes, and owner's equity. 7. For the Financial Management section, vocabulary study sheets and concept sheets may be used. Vocabulary study sheets should be handed out and reviewed at the beginning of the hour.

Lesson Plan 1

COURSE: Ownership and Management Core Curriculum

MAJOR CONCEPT: Ownership as a viable career choice.

OBJECTIVES: To understand the concept of Business Ownership as a career choice and to recognize elements involved in owning a business.

GENERALIZATION: Ownership can grow out of many different kinds of interests.

REQUIRED MATERIALS: List of occupations described in Step I.

TEACHING STRATEGIES:

I. Preliminary Preparation

On the day preceding the start of the curriculum module, ask the students to list on a sheet of paper three possible career choices for themselves. The students may be asked to put their names on their papers or not, at the teacher's discretion.

Before class on Day I of the curriculum module, make a list of the different career choices. There will probably be considerable overlap with stress on a certain limited number of occupational areas such as medicine, law, teaching, etc.

Then, show the students that in almost every career field there is a management and ownership level. For education, for example, there are principals, superintendents, owners of private schools, deans, college vice presidents and presidents and so on. For medicine, most doctors and dentists are small business owners because they hire people to work for them and they are paid for a service instead of being paid a salary. When people pay a doctor's fee, they are helping pay for his office space, his staff, his own salary, his telephone bill, his lights and water, and in fact all the costs of his being a doctor. Sometimes the career choice doesn't seem to have anything to do with business and yet it either leads to management or ownership or both.

II. Introduction to Business Ownership Curriculum

1. Discuss with the class people they know personally who are business owners.

   a. Parents
   b. Relatives
   c. Friends
   d. Business people in neighborhood adjacent to the school.

2. Point out the variety of endeavors ownership entails.

3. Ask class how their current interests and hobbies may be developed into profitable businesses:

   a. Cars -- used car lot, garage owner, mechanic, etc.
   b. Fashion -- dress designing, clothing manufacturer, model agency, etc.
   c. Animals -- veterinarian, animal breeder, professional handler at dog or cat shows, boarding kennel owner, etc.

4. In discussion, bring out the concept that the class is not so far from making career decisions. However, emphasize that students will change their minds many times before making a final choice.

5. Bring out that many of them work even now.

   a. baby sitting
   b. paper routes or stands
   c. odd jobs -- running errands, washing cars, mowing lawns

6. Point out that many people start businesses in their teens and early twenties.

III. Assign homework and discuss.

Homework -- ask students to make a list of 10 small businesses that they know about. Have them list what they think is probably the most interesting part of each business they included.

APPLICATION: To assess one's own interest in terms of potential ownership or management.

EVALUATION: To discuss the kinds of things which may lead to ownership.

Lesson Plan 2

COURSE: Ownership and Management Core Curriculum

MAJOR CONCEPT: Ownership as a multi-faceted career.

OBJECTIVES: To understand the concept of Business Ownership as a career choice and to recognize elements involved in owning a business.

GENERALIZATION: Diversified skills are needed by a business owner.

REQUIRED MATERIALS: Filmstrip #1, "The Business Owner".
(Optional) Vocabulary Study Sheet #1
(Optional) Concept Study Sheet #1

TEACHING STRATEGIES:

I. Review homework briefly, compare choices. After the film and discussion, compile a master list of all the different businesses listed in their homework. Make the master list so that it can be displayed and students can add to it throughout the Business Ownership curriculum. Poster board and rolls of newsprint are good for prominent display of information.

II. Vocabulary

These are words that appear in the filmstrip and may be unfamiliar to students. Introduce them to the class before showing the filmstrip.

Profit, Personnel, Marketing, Financial, Operations, Responsibility, Sole Ownership, Partnership, Corporation, Policy.

III. Show filmstrip, "The Business Owner."

IV. Follow-up discussion: Questions and possible discussion topics.

1. How can you tell when a business is successful?

   A. When it is making a profit, or growing, or both.

2. What is profit?

   A. The money that is left over after everything (all business bills) is paid for.

3. What is meant when someone says, "That business is growing."

   A. It means that a business owner is using profit or borrowed or invested money to help the business grow bigger. This might mean bigger buildings, more inventory, more employees, or different product lines.

4. What are the main parts of a business?

   A. Personnel, marketing, financial management, and operations.

5. What does each of these parts do?

   A. Personnel has to do with hiring and releasing people and takes care of their different problems relating to the job.

   Marketing advertises and sells the products of a business. It also researches needs and develops new products.

   The financial department oversees all the money matters of a business.

   Operations is concerned with the actual production of a company's product or providing its service.

6. Who has the final responsibility for making sure the business is successful?

   A. The owner.

7. For discussion: What may happen if the owner doesn't take this responsibility?

8. Why should an owner know something about a business before he goes into it?

9. Why should an owner like a business that he goes into?

10. What three forms can a business take?

11. What are the differences among these?

   A. Sole ownership - owned by one person. Owner has all the benefits and problems to himself, few governmental regulations, personal liability for all owners, all partners must agree before a decision can be reached.

   Corporation - owned by stockholders, run by a Board of Directors, decision can be reached by a majority of stockholders, much governmental regulation, no personal liability for stockholders.

   Partnership - owned by two or more people, few governmental regulations, personal liability for all owners, all partners must agree before a decision can be reached.

12. What can happen to your business if you hire someone and don't have enough work for the new employee?

    A. You waste money because you are paying someone who isn't producing any work. That money could be used for something else, or could be profit. The employee may not be happy, either.

13. What can happen if you buy or rent a building bigger than you need for your business?

    A. You waste money because you are paying for space you aren't using.

14. Why must a business owner make rules and set policies?

    A. So that all employees know what is expected of them and what they can expect from the business. If the owner doesn't make the rules, everyone may do as he or she pleases; this would not benefit the business.

15. What are business goals?

    A. Goals are a list of things that an owner wants the business to accomplish, that is, expand, make a certain profit, create a new product or service.

16. Why do business people set goals?

    A. They can use them as guidelines in planning business activities and assessing the progress the business is making.

17. Would opening one small gas station and expecting to be able to open 40 more in the next year be a realistic goal? Why?

    A. No, because your business probably won't grow that fast. Opening one other in a year or two might be a good goal.

18. If you are making a business plan for your business, what kind of things do you put in it?

    A. What you want to accomplish, how you are going to accomplish it, and by what dates.

19. If you need money for your business, where can you go?

    A. A bank, a private investor, and/or the SBA.

20. The following discussion material may be used in an

attempt to broaden the student's conception of the diversified skills needed by a business owner.

a. Get the students to discuss their current interests and aptitudes.

b. Ask them what business they might open in light of what they know and like at this moment.

c. Ask them to discuss why they chose that business, i.e. veterinarian - likes to work with animals, mechanics - likes to work with cars, nurses registry - likes to work with people.

d. Expand discussion so that students begin to bring out some of the other skills necessary, e. g., veterinarians work with animal owners as much as with animals. Would the students like that? Why or why not? Nurses registry has to work with scheduling and fees. What skills are required? Would the students like that?

e. Utilize this to broaden student's realization of what is involved in various businesses, and the problems and advantages of each situation.

21. Throughout the curriculum emphasize that the student can and is expected to change his or her mind many times before deciding on a career.

APPLICATION: To begin to assess the elements involved in Ownership and Management in terms of one's own personality.

EVALUATION: To discuss the responsibilities of and the skills needed by a business owner.

Lesson Plan 3

COURSE: Ownership and Management Core Curriculum

MAJOR CONCEPT: Ownership as a decision making career.

OBJECTIVE: To make decisions based on typical business problems.

GENERALIZATION: Before a business owner makes a decision, there are several things that must be considered.

REQUIRED MATERIAL: Scratch paper and pencils.

TEACHING STRATEGIES:

I. Introduction

1. Ask students who makes decisions in operating a business.

2. Ask who makes the final decisions about important matters.

   A. The owner. In the case of a corporation, the officer designated by the Board of Directors as chief executive officer.

3. Ask whether a $4000 to $6000 expenditure is an important decision.

   A. Yes.

4. Have students imagine a small business that has an owner who is the general manager, a manager of operations and marketing and a manager of personnel and finance. Which manager should decide whether or not money should be spent to buy a new delivery truck? Why?

   A. The operations manager would be the person who should know best if the truck is really needed. The financial manager would know what money was available. They should discuss it with the general manager. He makes the final decision.

5. Ask the students to discuss the kinds of questions they might ask if they had to make a decision about buying a new delivery truck. Some of the questions should include:

   a. Does the company really need a new truck?
   b. Why is the truck needed and can the need be met another way?
   c. How much would a new truck cost?
   d. Can the company afford to pay cash for the truck?

e. If it cannot, how much could it pay down?
f. Can the company borrow the money? How much interest will the company have to pay?
g. Can the company afford to make the monthly payments?

II. Present the following problem to the class a step at a time. Help them with the math necessary to make their decisions. Explain new words as required.

A. Ace Inc. is a company that assembles components. They are located in an industrial park. The building they are in contains 5,250 square feet. They pay rent at a rate of $2.50 per square foot per year. How much is their total rent for one year? (ans. $13125) How much do they pay per month? (ans. $1093.75)

B. When you are determining the cost of renting space, you must include the cost of utilities (lights, water, refuse removal, etc.) Ace Inc. pays an average of $1.25 per square foot per year for utilities. How much is that per year? (ans. $6,562.50) How much is that per month? (ans. $546.88).

C. What is the total monthly cost of the space rental and utilities cost? (ans. $1640.63)

D. Out of the 5,250 sq. feet, 2,250 sq. feet are used for storage, shipping and receiving, offices and reception area. How many sq. feet does that leave for production area? (ans. 3,000)

E. The average amount of space needed for one production worker and the equipment he works on plus aisle space is 50 square feet. Ace runs one shift per day. How many production workers does Ace Inc. have if all the production space is in use? (ans. 60)

F. Ace Inc. assembles components at a rate of 4,800 units per week. What is the average output per production worker? (ans. 80)

G. Currently Ace Inc. has orders totaling 120,000 units to be delivered over the next 25 week period. They are presently working at capacity to fill the existing orders. A salesman comes in with a new order. This is the biggest order they have ever had. The order is for 120,000 units. Delivery is to start in 4 weeks and the order is to be completed at the end of 28 weeks. (Note: This allows 3 weeks for setting up. Production is to be shipped weekly.) How many additional production workers are going to be needed to meet the order? (ans. 60)

H. All of the space and equipment is in use every day from 7 A.M. to 3:30 P.M. The company has three choices -- about the new order.

1. It can turn down the order.
2. It can rent additional space and buy new equipment.
3. It can run a second shift from 4 P.M. to 11:30 P.M. in the space it now has and using the equipment it now has.

What will happen if they choose option #1 and turn down the order? (ans. It will not make the money it would have, of course, but more importantly, it risks losing the new customer forever instead of just this order. It will also discourage salesmen from trying to make new sales.)

I. Before the company makes a decision, there are several things that must be considered. One of these is the comparative costs between the options. Option #1 would not cost any money but the company would not make any money either. Option #2 would have some costs involved.

1. How much additional space would be needed? (ans. 3,000)
2. If the space could be found at $2.50 a square foot, how much would the additional space cost? (Note: Don't forget the cost of utilities) (ans. $7,500 rent plus $3,750 utilities equals a total of $11,250 per year)
3. Industrial space is usually leased for one or more years. If the Ace company has to lease space for one year, how many weeks will it not be in use? (Note: If the orders keep above the one shift capacity, the space would be used.)
4. The cost of new equipment might add up to several hundred thousand dollars. Should the company spend that much money on the strength of one large order?

J. Option #3 also has some costs. The average salary paid for production workers at Ace Inc. is $2.50 an hour for the day shift. The people who work on the night shift would make 10% more.

1. What would a worker make per week (40 hours)? (ans. $100)
2. What would the production payroll cost per week be for 60 people? (ans. $6,000)
3. If the night shift makes 10% more, the average salary is $2.75. What would the night shift payroll cost per week be? (ans. $6,600)
4. How much more money per week will it cost to hire 60 people on a day shift? (ans. $600 a week)

K. Which option is the best for the company?

1. Which option costs the most money? (#2)
2. Which option allows the company to stop its cost the easiest when the order is filled?
3. Which option can be continued if enough orders come in? (#2 and #3) #3 is the better option because a partial night shift of production workers can be used if the volume of orders is above a one shift capacity, but not more than the capacity for the two shifts.

APPLICATION: To begin to apply decision making skills.

EVALUATION: To make decisions and to articulate reasons behind those decisions.

Lesson Plan 4

COURSE: Ownership and Management Core Curriculum

MAJOR CONCEPT: Marketing as a facet of business.

OBJECTIVE: To recognize the basic concerns of a Marketing Department.

GENERALIZATION: Marketing is an important function within a business.

REQUIRED MATERIAL: Filmstrip #2 "Marketing"
(Optional) Vocabulary Study Sheet #2
(Optional) Concept Study Sheet #2

TEACHING STRATEGIES:

I. Introduction

1. Ask students what they think of when they hear the word marketing.

2. Explain that in business the word is used somewhat differently. It is used to talk about everything concerned with selling a product.

3. Ask students if they ever go shopping, with or without parents.

4. Ask students why they like to go to a particular store. Why do they go to one store over another?

5. Develop discussion around what things go into making a store one you prefer to shop in.

a. Cheerful people
b. Cleanliness
c. Has products you want

1. How do they know what people want?

2. How do they know when people will want products?

d. Convenient to get to
e. Good prices

II. Vocabulary

These are words that appear in the filmstrip and may be unfamiliar to students. Introduce them to the class before showing the filmstrip.

Projection, Forecast, Marketing, Market Research, Distributors, Trade (in the sense of a career field), Material, Labor, Fringe Benefits, Breakeven Point, Equipment, Inventory.

III. Show Filmstrip, "Marketing"

IV. Reinforce the vocabulary. Discuss briefly the differences between marketing, advertising, and selling.

APPLICATION: To begin to assess each of the functions of business in terms of one's own personality.

EVALUATION: To discuss Marketing as more than just selling a product.

III. Show Filmstrip, "Marketing"

IV. Reinforce the vocabulary. Discuss briefly the differences between marketing, advertising, and selling.

APPLICATION: To begin to assess each of the functions of business in terms of one's own personality.

EVALUATION: To discuss Marketing as more than just selling a product.

III. Show Filmstrip, "Marketing"

IV. Reinforce the vocabulary. Discuss briefly the differences between marketing, advertising, and selling.

APPLICATION: To begin to assess each of the functions of business in terms of one's own personality.

EVALUATION: To discuss Marketing as more than just selling a product.

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IV. Reinforce the vocabulary. Discuss briefly the differences between marketing, advertising, and selling.

APPLICATION: To begin to assess each of the functions of business in terms of one's own personality.

EVALUATION: To discuss Marketing as more than just selling a product.

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IV. Reinforce the vocabulary. Discuss briefly the differences between marketing, advertising, and selling.

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EVALUATION: To discuss Marketing as more than just selling a product.

III. Show Filmstrip, "Marketing"

IV. Reinforce the vocabulary. Discuss briefly the differences between marketing, advertising, and selling.

APPLICATION: To begin to assess each of the functions of business in terms of one's own personality.

EVALUATION: To discuss Marketing as more than just selling a product.

COURSE: Ownership and Management Core Curriculum

MAJOR CONCEPT: Business as a multi-faceted whole.

OBJECTIVE: To integrate the concept of "Marketing" with those concepts previously presented in the curriculum.

GENERALIZATION: The functions of "Marketing" are essential to growth of a business.

REQUIRED MATERIALS: See part II

TEACHING STRATEGIES:

I. Follow-up discussion: Questions and possible discussion topics on filmstrip "Marketing". Allow approximately 1/3 to 1/2 the class hour, leaving the remainder for part II.

1. What are some of the things included in Marketing?

   A. Advertising, selling, market research, sales projection, product development, and pricing.

2. What are three ways of selling a product or service?

   A. Direct selling, selling by mail, and by distributors.

3. What is direct selling?

   A. Coming face to face with the customer and utilizing personal contact in sales techniques. Examples are car salesmen, department store sales people, door to door salespeople.

4. What is selling by mail?

   A. Sending out catalogs, brochures, lists, or folders to various people to tell them about your product. Often, these include return mail order forms.

5. What is selling by distributors?

   A. This is letting a free lance salesman take your product (perhaps along with other peoples' products) and sell it to people. It may also include letting a particular store act as a sales agent.

6. What are four ways of advertising a product or service?

   A. Radio or TV, newspapers and magazines, trade shows or conventions, trade journals.

7. What is a trade show?

   A. It is a large meeting of people in the same business or profession, such as educators, people in electronics, doctors, etc., in which they discuss common problems and display new developments or products in their field.

8. What are trade journals?

   A. Trade journals are magazines which discuss matters and advertise products or services of interest to people in allied or closely related professions or businesses.

9. What is a sales projection or forecast?

   A. It is something which shows a business owner the likelihood of how much he will sell and when he will sell it in the future.

10. How can a sales projection be used?

    A. It can tell you how much of a product or service you can sell and when you can sell it. Therefore, it is used to plan for purchases, materials, allocation of personnel, and allocation of space.

11. Why do business people try to forecast what people will want or need to buy?

    A. A market forecast tells business people what public demands will be so that they will know what kinds of things to produce. It gives an indication of when to modify existing product lines or develop new ones.

12. If you are the owner of a drug store and yours is the only drug store in the neighborhood, how does this affect how much you charge for things? Why? If three more drug stores open up in your neighborhood, how will this affect how much you can charge for things? Why?

    A. If you are the only druggist, you can charge a little bit more for things because people have no other place to go to get the things you sell. If more drug stores open near your business, you will have to charge the same or less than they do to attract people to your store.

13. What are some things you must consider when deciding what to charge for a product you make?

A. Direct Costs: material, labor, fringe benefits.

Indirect Costs: buildings, machinery, equipment, utilities, salaries of employee not involved in producing the product, advertising, and marketing.

14. Identify and discuss the following items that make up a price.

A. Material: this is the raw material that goes into making an item, e.g., for an automobile some materials are sheet metal, screws, glass, wire, upholstery materials, etc.

Labor: salaries of people directly involved in manufacturing a product.

Fringe Benefits: things such as vacation pay, insurance, etc, given to employees who work directly in making the product.

Buildings: rent or mortgage payments on buildings used by the business.

Machinery: payments on any machinery used by the business.

Equipment: things such as tables, chairs, file cabinets, storage cabinets, etc. used by the business.

Utilities: electricity, gas, water, etc.

Overhead Salaries and Benefits: salaries and benefits paid to employees not directly involved in making a product, i.e., secretaries, presidents, receptionists, accountants.

Advertising: the cost of advertising a product.

Marketing: the cost of selling a product.

15. What is a breakeven point?

A. When you sell enough to get back what you have spent in making a product.

16. Tell from each of these charts whether the company is losing money, breaking even, or making a profit.

Co. ABC		Co. XYZ	
Products Sold	$100.	Products Sold	$100.
Money Spent	- 100.	Money Spent	- 75.
Profit (Loss)	$ 0	Profit (Loss)	$ 25.

Co. DEF

Products Sold	$100.
Money Spent	- 110.
Profit (Loss)	($ 10.)

17. What must a business person remember when buying inventory?

A. Don't buy too much, but don't buy too little. Try to judge needs exactly.

18. Why must an owner remember these things?

A. With too much inventory that doesn't move, an owner has his money tied up where he can't get to it. If he has too little inventory, people may stop coming to him because they think he doesn't have what they need.

II. Objective: To explore marketing creatively.

Required Material: Blank paper or notebook paper, colored pencils, pencils, rulers.

Teaching Strategies:

List five or more kinds of businesses on the chalkboard: corner grocery, dry cleaners, florist, record shop, funeral home; department store, trade and technical school, garage, new car dealership, art gallery, hospital and medical supply, restaurant, and the like.

Explain that the students will work in small groups to design a minimum of one advertisement.

Discuss the points an advertiser would need to know before designing an ad.

1. Advertising is a continuing process with a goal in mind. The goal, typically, is to associate the product or service with the business you are advertising. A second goal may be to build a corporate image.

Within the advertising campaign, there can be special goals:

a. to sell a particular product
b. to increase sales during a slack period
c. to sell out a product that the business has become over supplied with
d. to change buying or usage habits (demonstrating additional uses of changes in use of a product)

Therefore, advertising must fit in with long term company goals and may or may not satisfy a short term goal.

2. The kind of business, to a certain extent, influences the kind of advertising and the media to be used. For example, a store that serves only those within a small community or neighborhood would have no use for television advertising. The kind of business also helps indicate the image the ad must convey.

3. The advertiser must understand the nature of his market before he designs an ad. He must know the following about his market: age, sex, marital status, and buying habits. If his market is made up of senior citizens, he would not use slang words in his advertising campaign. Knowing his market also indicates he must know where his market is. If his product or service is used primarily by young marrieds, he must make his business accessible to that group.

4. Some businesses have selling cycles. Dry cleaners have a heavier season from October to May. Florists do better around holidays, in particular, Mother's Day. The time of the year also influences how much spending goes on. Bigger sales are made before Christmas than after in most retail businesses.

5. The selection of the advertising media to be used is based on several factors:

a. the size of the market
b. the geographic location of the market (a florist would advertise locally: hand bills, yellow pages, local newspaper)
c. the age group (for example, one radio station usually caters to the teen-age market; another will cater to adults. The selection of the station on which to run ads would be dependent upon the age group which the advertiser wants to reach.)

6. The format selected for the ad must be consistent with the image to be projected. The students should be reminded that an image doesn't have to be a prestigious one. The ad should be concise. There are two basic reasons for brevity. One is that people either will be attracted within the first second or two of cognizance of the ad or not at all. The second is that space and time cost money. The more space or time used, the higher the cost. The format must permit the advertiser to speak to his market - that is: to use the vernacular of that age group; to use symbols that mean something to the target population; to use color (if appropriate) in a way that has meaning, by being soothing or exciting or dignified; to use sound (if appropriate) to attract attention, to set a mood or tone, to convey information.

   Divide the class into groups. No group should be made up of more than four persons. Assign the following:

   a. Select one type of business.

   b. Name the business and decide on the market it serves.

   c. Determine what media would be most appropriate for that business' advertising.

   d. Design the ad or ads.

   e. Be prepared to explain the ad designed.

   When the group has finished, ask several to display and discuss their ads.

   NOTE: The ads may be for newspaper, magazine, trade journal, hand bills, radio, television, billboards, and so on.

APPLICATION: To begin to recognize areas of business as a career choice for one's own needs.

EVALUATION: To creatively explore "Marketing".

COURSE: Ownership and Management Core Curriculum

MAJOR CONCEPT: Personnel Management as a vital function of business.

OBJECTIVE: To recognize the basic principles of sound personnel management.

GENERALIZATION: Personnel Management requires a knowledge of company requirements, job conditions, and employee personalities.

REQUIRED MATERIALS: Filmstrip #3"Personnel Management"
(Optional) Vocabulary Study Sheet #3
(Optional) Concept Study Sheet #3

TEACHING STRATEGIES:

I. Introduction

1. Discuss with class why people work. Most will say for money. Try to point out that some work for personal gratification, pride, status, etc. (some older people work even after retirement), some for benefits (e.g., airline employees for flight privileges).

2. Ask class if they know anyone who dislikes his or her work. Give reasons. Ask if they know people who like their work. Why do they? Ask if anyone in class has ever worked and why he did or didn't like his job.

3. List pro and con reasons on board and discuss.

4. Ask class why they think employers hire people. When they answer, "To work," ask if it is important to an employer that employees are happy. Bring out: happy employees work better, lose less time, and don't leave or get themselves fired so often. Point out the benefits to the boss. (To search for, hire and train a new employee is a costly thing for an employer. It is to his benefit to try to retain his employees.)

II. Vocabulary

These are words that appear in the filmstrip and may be unfamiliar to students. Introduce them to the class before showing the filmstrip.

Employer, Employee, Benefits, Personnel, Wages, Salary, Commission, Piece Work.

III. Show filmstrip, "Personnel Management"

IV. Questions for review and discussion of filmstrip, "Personnel"

1. Why do employers hire people?

A. To do jobs that the employer doesn't have time or is not qualified to do, or perhaps is uncomfortable

doing. Work load too heavy for employer or current staff.

2. Why are rules and policies necessary?

   A. If you don't have them, everyone can do as he pleases and the business may suffer. The employees don't know what their rights and responsibilities are without rules.

3. When an owner is hiring employees, what must he try to do -- what should he try to get?

   A. He must try to get the best qualified person he can for the amount of money he is able to pay.

4. Suppose you own a beauty shop and are doing manicures, setting hair, and running the cash register. You have too much to do and want to hire another employee to help you out. You do hair setting and working the cash register best. What kind of qualifications do you look for in an employee? Why?

   A. Someone who is good at manicures, because this is the area in which you are weakest.

5. Suppose you own an automobile repair shop and do all of the work yourself. You are good at all of the jobs but a little bit better at mechanics than body work. You need help with body work or mechanics so that you can spend more time at bookkeeping. A man who has good recommendations and ten years experience as a mechanic applies for a job. Do you assign him to do body work or as a mechanic? Why?

   A. As a mechanic. Although you are good at mechanics, this man is also very good and it makes sense to place him where his talents lie.

APPLICATION: To integrate Personnel Management into the assessment of career choices for one's own personal requirements.

EVALUATION: To discuss Personnel Management as an important part of the business machine and to articulate the reasons people work.

Lesson Plan 7

COURSE: Ownership and Management Core Curriculum

MAJOR CONCEPT: Personnel Management as a decision making position.

OBJECTIVE: To explore decision making in personnel situations.

GENERALIZATION: The Personnel Manager has responsibilities to the business and to the employees.

REQUIRED MATERIALS: None

TEACHING STRATEGIES:

I. Questions for review and discussion of film "Personnel" Allow about 20 minutes at the conclusion of this review for part III.

1. What do people want from work?

   A. Money, personal rewards, benefits.

2. What are personal rewards?

   A. Things like feeling important, feeling needed by the company or co-workers, feeling that you are contributing to society, doing thing for people, and the like.

3. What are fringe benefits?

   A. Benefits are things that a company will give you over and above salary. One company may give you four weeks vacation while another only give two. Most airlines let their employees take some airplanes trips free. Clothing and department stores give their employees discounts on merchandise. All of these are benefits.

4. Something to think about: Why are they called "fringe benefits?

5. What are the different ways people get paid?

   A. Wages, salary, commission, piece work.

6. What are wages?

   A. Wages are when you are paid by the hour. You are paid for every hour you work.

7. What is salary?

   A. Salary is when you get a certain amount of money to do a job; if you work a little over-time you may not get paid for it.

8. What is a commission?

   A. A commission is when you are paid a percentage on what you sell.

9. What is piece work?

   A. Piece work is when you are paid a certain amount of money for every piece of work you do or unit you produce.

10. How does an employer decide how much money to pay an employee?

    A. He must pay an employee about as much as other businesses are paying people to do the job. The more experience an employee has, the more an employer must pay him.

11. When you give responsibility to a person for doing a job, what things do you need to remember?

    A. Make sure he can do it, back up his decisions if he has to make any, keep a check on his work, make sure he knows what he is supposed to do.

12. How do you choose someone to whom you can give responsibility?

    A. Choose someone who can do the job and someone you can trust.

II. Review questions from filmstrips "The Business Owner" and "Marketing".

1. Why must the business owner be able to get along well with people?

   A. Because he must get along with his employees, customers, and suppliers to run his business well.

2. What kind of sales people should an employer try to hire?

   A. People who get along well with other people, and who are reliable, neat, clean, attractive.

3. What personal qualities does a good salesman have?

   A. He is friendly, open, enjoys talking to people, is able to take pressure, is responsive to people.

4. When an employer hires a new employee, he usually asks the last place that person worked to tell him how he did on the job. Why?

5. Why is it important for a business person to make sales projections? Why is it important to his employees?

   A. A businessman must make projections so that he will know how much of an item to make and when to make it. It is important to his employees that he plan for the future like this so that he will not hire too many people at the wrong time and then have to lay them off. It is also important that the company remain stable so that they maintain their jobs.

III. Read each of the following case studies aloud to the class and discuss them. Have students suggest what they think will happen next. What should the supervisor do? Could the problem have been prevented?

Case #1: Hal travels quite a bit during the day for his company. While he is away, his secretary, Arlene, is supposed to keep the office going. She takes care of letters to the field offices. When she has finished her work, it is her job to help the secretaries in another department right next to her. They have more typing than they can handle alone. Hal often brags that Arlene is there every night at 6 or 6:30 when he comes in. He says it is okay with him that she comes in an hour or so late everyday, because she works so hard and stays so late.

Jim, Hal's boss, has gone in to see him to discuss Arlene. According to Jim, Arlene spends too much time away from her desk. He also points out that she has given no help to the other department in weeks. He says that other secretaries are complaining to each other that Arlene gets away with murder. She goes so far, they say, as to go into Hal's office when he is out and lock the door. As he leaves Hal's office, Jim adds that her skirts are much too short for office wear. Not long after Jim has left Hal's office, Hal finds Arlene at her desk crying. He takes her into his office and asks what's wrong. Through her tears, Arlene tells him that Jim asked her to go to work for him. She says that when she said no, he told her that he would make her sorry.

Questions to bring out:

1. Is Arlene really working extra hours if she comes in at 10 and leaves at 6 or 6:30? She is suppose to work from 8 until 5.

2. Did Arlene have a hint about what Jim might have been saying about her?

3. Did Hal ask for the problem? How?

4. Do you think Jim was telling the truth?

5. What should Hal do now?

6. Did Jim handle the situation correctly?

7. Does how short her skirts are make any difference in an office?

Case #2. (Before beginning, explain turnover rate)

Howard Williams and Don Brown are supervisors at the same plant. The shops are side by side. Both men know their jobs very well. An interesting pattern has developed, however, in that Howard's shop has a much higher turnover rate of employees than does Don's. Because he has too few workers, Howard finds it necessary to borrow people from Don. This makes extra work for Don, but that is not his major concern. He finds that morale in his group suffers each time Howard "makes a raid" as the workers call it. Since their supervisor gave Howard permission to borrow employees to fill out his work force, Don cannot decide what to do. One of his workers is about to force a decision. He has just said to Don, "Man, I can't take it any more. Do I work for you, or do I work for Howard?"

Questions to bring out:

1. Why do you think Howard has such a high turnover rate?

2. Should Don have to settle this problem?

3. Don's and Howard's supervisor gave permission for Howard to take the workers as he needs them. Do you think that was a good idea?

Case #3. Billie Williams has a crush on her supervisor, Al Johnson, and she's got it bad. A good worker, Billie has recently developed almost a problem a day that requires some of Al's time to talk it over with her and help her handle it. She has even called his apartment on the weekend to ask for help when her car stalled. Al, who is not married, thinks Billie is a nice woman and a good worker, but he doesn't like all the attention she has been trying to get from him. Al has tried to wait to see if it won't die by itself. It hasn't so far, and it has been three months. Now Billie has started managing to work her way into the group Al eats lunch with. Al has to do something, but he doesn't want to hurt her feelings. He knows he has to do something, but what?

1. Do you think the other employees know that Billie has a crush on Al?
2. How do you think they feel about it?
3. What do you think Al should do?
4. Do you think Billie will quit her job?
5. Do you think Al should have done something before?

APPLICATION: To assess the role of Personnel Management in relationship to one's own personality.

EVALUATION: To make decisions and to articulate reasons behind those decisions.

Lesson Plan 8

COURSE: Ownership and Management Core Curriculum

MAJOR CONCEPT: Financial Management as a function of business ownership and management.

OBJECTIVE: To recognize the basic principles of financial management.

GENERALIZATION: Business growth and success requires good financial management.

REQUIRED MATERIAL: Filmstrip #4, "Financial Management".
(Optional) Vocabulary Study Sheet #4
(Optional) Concept Study Sheet #4

TEACHING STRATEGIES:

I. Introduction

1. Discuss with students why people go into business. Bring out that a primary reason is to make money.

2. Discuss with students what the mark of success in business is. Point out that money means success in business -- how much money is made and how wisely it is used to make more money.

3. Draw a parallel between budget for business and home.

Business	Home
Furniture	Furniture
Machinery	Washer, dryer, car, lawn mower, etc.
Profit	Savings
Utilities	Utilities
Salaries	Allowances

II. Vocabulary

These are words that appear in the filmstrip and may be unfamiliar to the students. Review them with the class before showing the film.

Assets, Liabilities, Financial, Finance, Net Worth, Fixed Cost, Variable Cost, Projection, Invester, Mortgage

III. Show filmstrip "Financial Management"

IV. Follow-up questions and discussion topics

1. Why are business problems related to financial problems?

A. The purpose of any business is to make money so all problems must be solved in the light of whether the solutions will make or lose money for the business.

2. What are assets?

   A. Assets are anything that a company owns which is to its credit. Such things are buildings, machinery, furniture.

3. What are liabilities?

   A. Liabilities are anything that a business owes to another business or person. There are such things as a mortgage, loans, or money owed on any account.

APPLICATION: To begin to apply financial management into one's own personal experiences.

EVALUATION: To discuss the importance of money in all areas of business.

Lesson Plan 9

COURSE: Ownership and Management Core Curriculum

MAJOR CONCEPT: Financial Management as an assessment of business success.

OBJECTIVE: To explore the concepts of Financial Management in the whole of business.

GENERALIZATION: Business success requires good assessment of finances throughout the business structure.

REQUIRED MATERIAL: None

TEACHING STRATEGIES:

I. Reinforce vocabulary.

II. Questions for review and discussion of film.

1. How can you figure out the net worth of a company?

   A. Subtract the liabilities from the assets to get the net worth.

2. What is a fixed cost?

   A. A fixed cost is one that cannot be easily changed. Things like rent or mortgage payments, payments on equipment, or taxes are fixed costs.

3. What is a variable cost?

   A. A variable cost is something that can be changed fairly easily in a short amount of time. Payroll can be changed in a week or two by laying people off -- this is a variable cost. Certain supplies may be cut down or eliminated.

4. If you are a business owner and you want to cut down the costs of your business, where would you start to cut down -- with fixed or variable costs?

   A. You may start with variable costs because they can be changed quickly. You may try, in the long run, to cut down on fixed costs, renting out some of your property, but this would take time.

5. How does a business owner figure out how much money he will need to run his business for a month?

   A. He adds up all the expenses he expects to have for a month and he will know how much money he will need. Some of these things are salary, taxes, rent, or mortgage, materials, etc. He may also add a small percentage for emergencies.

6. When a businessman needs money for his business where are some places he may go to find it?

   A. Bank, investors, SBA.

III. Review questions from Filmstrips I, II, and III.

1. What are the four main parts of a business?

   A. Personnel, operations, finance, and marketing.

2. If you know a lot about sewing, what are some good kinds of businesses to go into? Why?

3. What are three ways of selling a product?

   A. Direct selling, selling by mail, and through distributors.

4. What is inventory?

   A. The products that a business sells and has on hand. Raw materials to be used in production are another form of inventory.

5. What are at least four ways to advertise a product?

   A. Radio and TV advertising, advertisements in newspapers, magazines and trade journals, direct mail, trade shows, telephone sales.

6. What are the main reasons people work?

   A. Money, personal gratification.

7. When you're giving responsibility to a person for doing a job, what things do you need to remember?

   A. Make sure he can do it, make sure he knows how to do it, back up his decisions if he has to make any, keep check on his work.

8. What are the different ways that people get paid?

   A. Wages, salary, commission, benefits.

APPLICATION: To integrate all areas of business into one's own personality and personal experiences.

EVALUATION: To answer questions and to articulate reasons for answers.

COURSE: Ownership and Management Core Curriculum

MAJOR CONCEPT: Business Management differs from a small business to a large corporation.

OBJECTIVES: To compare the ownership and management of a small business to management for a large corporation.

GENERALIZATION: The scope and responsibilities of business management vary depending upon the size and type of business.

REQUIRED MATERIALS: All material included in this lesson plan.

TEACHING STRATEGIES:

I. Read one or two of the discussions on ownership from this lesson plan to the class. Discuss, bringing out the ways in which the people have blended their jobs and their personalities. Point out that for some of the people interviewed, the role of owner was outgrowth of something else they wanted to do. Discuss the fact that ownership and management are roles which a person can make uniquely their own, using their personality and interpersonal skills to make it work.

1. Vivian White operates a store in Philadelphia, Pennsylvania, that sells children's clothes. People come from all over the area to shop at her store. What makes her store different? Almost all of the clothes she sells are hand made. She is in partnership with another woman, Carol Martin. Friends for over twenty years, Carol and Vivian decided that they wanted to go into business for themselves. Neither one had ever managed a business. They picked children's clothing because Carol has a flare for designing children's wear. Vivian has an eye for color and cloth. They combine their skills to create a special line of children's wear.

When they first started out, they made the clothes themselves. Right away, they found they had a problem. They couldn't keep up with the demand for the clothes! That is a problem any business would like to have, a big demand for what they supply! They had to change the way they operated. Instead of trying to do it all by themselves, they had to hire some seamstresses. Carol is shy and does not like to meet the public. Vivian is more outgoing. She likes talking with people and selling. Vivian runs the shop and works with the sales girls. Carol does the designing and works with the seamstresses. Vivian does the buying of material and decides what they need and when they need it.

Vivian has this to say about ownership: "It has worked out very well for us. Carol and I get along

well, and I think more important is the fact that we respect each other's skills. I know that a partnership can be a problem when two people can't agree, but Carol and I pretty well decide who's boss on a given problem by what it is about. She gives in to me if it is about the shop itself, or a fabric, or placing orders. I give in to her about designs and working with the seamstresses. She decides when she can get a design ready for the shop. I guess that our greatest arguments come when I tell Carol that I am going to need ten new outfits by a certain date and she doesn't think she can get them ready in time. We manage to work it out.

We don't have a high pressure business because we don't really want to get rich at it. We make enough money to be comfortable, and we have opened another shop, in addition to our first one. I don't think any other store in the area offers what we do, designer made clothes that are not expensive.

What do I like about it? Well, it lets me work with fabric and color, which I like. It is nice to be able to make a living doing something you like. I am proud of our designs and the workmanship, and that makes it easy for me to act as a saleslady. Now that we are growing, I have more of a chance to set my own hours and work the schedule that I want to work. Some of the people who work with us have been with us almost since we started.

I can tell you what I don't like easily enough. It may sound funny, but I don't like people nearly as much as I did before I opened a shop. People who come in to buy are not always polite or even careful with the things we have on the racks. And some of them let their children run wild in the shop. They do real damage to our merchandise, and there isn't much I can do about it. Sometimes I wish I could get all of them as they come in the door and at least wash their hands.

I keep the books myself, and I have an outside accountant who comes in every month and goes over them for me. We don't need a full time bookkeeper, because we are still too small. I took some bookkeeping in college, and it has come in handy. It has been easy for us to start the business and keep it going. It's hard to say if I would have liked it if there had been a lot of problems. I guess I would, because I believe we would have made it anyway."

2. Will Turner operates a drycleaning shop. He learned to dryclean and press clothes by going to school for 8 weeks, and then he went to work in someone else's shop.

He worked in three different shops over a period of about 10 years. Then Will decided that he could make more money if he ran his own shop. He had saved some money, enough to make a down payment on a business, but he would have to borrow more. He started looking around for a drycleaning shop that would be coming up for sale.

Will found a shop in a changing neighborhood. It was the only one around for quite a few blocks, and it was doing pretty well. The owner had been in an accident and couldn't work as hard as he had before. He had to sell out. Will made a deal with him, and took over the business. He pays monthly against the amount he still owes the original owner.

Will feels this way about ownership: "It's a lot of hard work. I work longer hours than I ever did before, and I can't even ask myself for overtime! I have to come into the shop about 6 in the morning so I can start the boiler and get the steam up by the time the presser comes in at 7. I do some of the drycleaning and spotting myself and some pressing when we get in a bind. I have one man who does the drycleaning and spotting and one man who presses for me. Sometimes when the work is heavy, I pick up another presser or two for a few weeks. The store closes at 6, but I am here until about 9 most nights. I have to keep track of the tickets, and count the money we made and put it away. We are doing a good business, but things have been changing lately with the energy crisis and all. I am starting to get worried about getting supplies. And the cost! That has really gone up. I have had to raise the prices to my customers. What else can I do? It costs me more to clean their clothes.

"You know, I still like having my own business. It's a little tough right now, and sometimes I wish that I was just drawing a check and some body else was doing the worrying. But, you know, there is something about having something that belongs to you, something about doing a good job, and making your customers happy, that I didn't feel when I was in the back. It is a special thing to see your own name over the door. I don't know about other guys who own businesses, but I know it makes me work harder to run a good business knowing that's my name up there."

3. Tom Wolf does not own his own business. He is manager of the manufacturing division of a large corporation. Tom worked his way up through the ranks. He started on the line as an assembler. He worked hard and was good at what he did. He went to school nights to further his education. He was made foreman, then

supervisor. Then after going through a company training program, he became a manager. He has this to say about his job.

"I suppose I could have struck out on my own and opened up my own business. I don't think I would like it, though. After all there are a lot of advantages to working for a big outfit like this. I don't have to worry about getting money when I need it, because a place like this has real borrowing power. Of course, I have to take my needs to my boss, and then he talks to the big boys, and they decide. Sometimes I don't get what I think I need, but then what job gives you everything you ask for? I believe that I am important to my company, and I know I do a good job. I always meet the quotas they set for me, and my division always makes a profit.

"I have a voice in the planning that goes on for the company. I'll never be the controlling vote, but as long as I keep my division running well, I know that I will be listened to when planning takes place. If I weren't doing that well, I know I would not be listened to, but come to think of it, I guess that is just as well. If I don't run my division well, why should I expect to have much of a voice in telling the whole company what to do.

"I am making a good salary, and the company has a profit sharing program. I earn stock in the company, and that means that I get to share in what the company makes. That is another reason why I like to keep my division going well.

"I usually work fairly long hours, and being a manager, I don't get overtime. Still, the benefits here are good, and I get three weeks vacation every year. The health insurance plan is one of the best around, and that's one thing a big company can get for you, good group insurance.

"My brother thinks I am crazy. He thinks I ought to get out and put my own company together. He says that no matter how much stock I earn I will never own enough to have any real control over the corporation. He reminded me that one of the other divisions got sold off last year, and a lot of the people lost their jobs. He says if I owned my own company, I could never get fired. I guess he's right, but that is a pretty heavy responsibility.

"You have all those people who work for you, and if you can't make a go of the business, that means they are all out of work. I'd have to handle a lot more things than I do now. I mean, this corporation has a whole department that handles advertising. Another department takes care of all that paper work that goes with personnel, and they take care of the fringe benefits, too. The accounting department takes care of the purchasing for me. I just tell them what I need and when I need it. Oh, I don't mean that every thing is perfect. There are times when I could kill those guys in purchasing. Still, it seems a lot better to do what I am doing now than to take on all those other responsibilities. Being a manager for a place like this is a lot of hard work, but it suits me."

APPLICATION: To begin to recognize that decisions and performances vary as greatly in business situations as in personal experience.

EVALUATION: To discuss ownership and management in business and to compare the feelings that different people have concerning business ownership.

COURSE: Ownership and Management Core Curriculum

MAJOR CONCEPT: Career Choice as a personal decision.

OBJECTIVES: To understand the concept that everyone must make a career choice and that one must prepare for that choice. To recognize that ownership and management can offer a variety of career possibilities.

GENERALIZATION: Preparation and understanding is vital in all career choices.

REQUIRED MATERIAL: Pen or pencil and paper.

TEACHING STRATEGIES:

I. This is perhaps the most difficult lesson plan in the series because it calls upon the teacher to guide without offering judgements. The goal of the lesson is to help the students organize their thinking about ownership and management. Ask the following questions and any others which seem appropriate. Remember - the goal is to help students to think for themselves and to articulate those thoughts. Try to prompt them when they need it without giving direct answers. Use of the chalkboard will be very helpful, but the students should not take notes. Leave thirty minutes or more at the end of the class hour for part II.

1. What are some of the things an owner will need to know how to do in order to succeed at his job?

2. What kinds of businesses come out of doing something that the owner likes? (Give an example of a needle point supply shop or an auto mechanic shop.)

3. Can you run a successful business and not work well with people? What can you do when you don't do a part of the management job very well?

4. Do you think there is a special feeling about having your own name above the door?

5. What makes you happy when you are working at home? What kinds of jobs do you like? Which ones do you hate to do?

6. Suppose that you really like to work with small children. What kind of business could you open?

7. Suppose you like to paint pictures. What kind of businesses could that lead to?

8. If someone teaches people how to play the piano, would you consider that a business?

9. Would it be better to work for someone else as a manager, or to be your own boss?

10. Do you think everyone would be happy as a business owner?

11. Do you think women can do a good job as business owners? Why or Why not?

12. What are some of the advantages of being the owner? What are some of the disadvantages?

13. What are some of the advantages of being a manager working for someone else? What are some of the disadvantages?

14. Have you talked with people in the community who are business owners? Do they like what they do? What kinds of things do they like best? Do all of them like the same things about ownership? What do they dislike? Do they all dislike the same things?

II. Ask the students to write a short essay on how they feel about ownership as a career. The essay must include the reasons for and against a business ownership career. The essay must be at least one page in length.

APPLICATION: To apply one's learning, personal preferences and personal experiences in determining career choices.

EVALUATION: To reach a tentative decision and articulate the reasons behind that decision.

Vocabulary Study Sheet

THE BUSINESS OWNER

Sole Proprietorship	a business owned by one person. Also called "sole ownership".
Stockholder	a person who owns stock in a company that has been incorporated.
Partnership	a business owned by two or more persons. The company is not incorporated.
Corporation	a business that is owned by stockholders.
Operations	that part of the business that has to do with making the product or providing the service.
Profit	the money left after all the costs of the business have been subtracted from the income.
Income	money coming in that is earned by the business.
Marketing	that part of the business that has to do with selling the product or service.
Personnel	(a) that part of the business that has to do with the people who work there, (b) the people who work for a company.
Employee	a worker.
Cash Flow	the coming in and going out of cash in a business.
Stock	a share in a corporation. It shows ownership of a part of that corporation.
Financial	that part of the business that has to do with money.
Fringe Benefit	something extra given to the employees over and above the money they earn. Examples: health and life insurance, unemployment insurance, social security, paid vacation, paid holidays, paid sick leave.
Liability	a legal responsibility, such as money owed.
Regulate	control the operation of a business through rules.
Board of Directors	a group of people who are elected by the stockholders to direct the major activities of the company.

Vocabulary Study Sheet

MARKETING

Marketing	having to do with selling the product or service.
Direct Costs	costs that are caused directly by making the product or providing the service.
Indirect Costs	costs that are a part of keeping the total business in operation but not directly a cost of making the product or providing the service.
Forecast	a guess about what will happen in the future that the businessman tries to make as true as he can.
Market Research	finding out what people want to buy; what colors, shapes, sizes they like best; how much a product or service should cost, etc.
Direct Selling	selling face to face with the customer, such as in a store or door to door.
Profit	(same as that in Vocabulary Sheet, Business Owner)
Competition	those businesses that compete with each other for sales. A grocery store is in competition with another grocery store, but it does not compete with a gasoline service station.
Breakeven Point	that point at which the businessman has made back as much as he spent to develop and make his product.
Sales Projection	an estimate of the amount of sales the company will make over a given period of time.
Convention	a meeting of a group of people with a similar interest, such as being in the same business. Salesmen with items that interest that group set up booths at the convention.
Inventory	(a) goods that have been completed and are stored waiting to be sold, (b) all physical property owned by a company, such as furniture, trucks, machines, etc.
Trade Journal	a special interest magazine that is usually bought and read only by people in that profession or business.
Law of Supply and Demand	if the demand for a product or service is greater than the supply, the price charged can be higher. If the supply is greater than the demand, the price is lower. Companies often try to make their product a little different and thus create a demand for a product only they can provide.

Vocabulary Study Sheet

Marketing Cont'd.

Handbill	a sheet of paper with advertising on it that is handed to people, stuck in mailboxes, or on cars, etc.
Distributors	people or stores which sell a particular product.
Labor	the workers who produce a product.

Vocabulary Study Sheet

PERSONNEL

Personnel	(same as that in Vocabulary Sheet, Business Owner)
Fringe Benefits	(same as that in Vocabulary Sheet, Business Owner)
Salary	money paid for work done. It is paid on a weekly or monthly basis.
Wages	money paid for work done. Although it is usually received at the end of a work week, the amount paid is based on the exact number of hours worked.
Commission	money paid for selling. It is a fixed percentage of the total amount of goods sold.
Piece Work	a method of work or of payment based on the number of pieces produced.
Policies	rules about work, behavior.
Delegate Authority	give to someone else the responsibility of getting a job done.
Personal Rewards	feelings of happiness or pleasure.
Experience	that which one has done in the past.

Vocabulary Study Sheet

FINANCE

Financial	that part of the business that has to do with money.
Line of Credit	an amount set that may be borrowed a little at a time. No more than the amount set may be borrowed.
Budget	a work up of costs that a company expects to have in the coming month or year.
Short Term Loan	money borrowed for a short period of time. It is usually used to pay the bills that are due instead of to buy equipment.
Accounting	keeping records about money used in the business.
Fixed Cost	a business cost that is not easily changed, such as rent.
Variable Cost	a business cost that is easily changed or controlled, such as salary, telephone, etc.
Asset	anything of value owned by the company, such as cash in the bank.
Liability	(same as that in Vocabulary Sheet, Business Owner)
Accounts Payable	bills owed by the business.
Accounts Receivable	money owed to the business.
Stockholder's Equity	profit earned by the company, some or all of which may be paid to the stockholders in dividends.
Profit	(same as that in Vocabulary Sheet, Business Owner)
Net Worth	what the company is worth after the liabilities (that which is owed) is subtracted from the assets (that which has value).
Balance Sheet	a summary of the financial state of the business.
Loss Position	when the company has not made enough money in income to cover what it has spent.
Investor	someone who puts money in a company in hopes of earning money.
Mortgage	money borrowed usually to buy a building or land. It is paid back over a long period of time, usually 20 to 30 years.

CONCEPT STUDY SHEET NO. 1

The Business Owner

1. The owner of a business spends a great many hours every week at his job. He spends more hours at work than his employees. Because of this and because of the pressure that he is under, it is very important that the owner should like the business he is in. It helps if he has had experience in working at this kind of business before becoming an owner.

2. Since the owner is also boss, he has the final responsibility for the success or failure of the business. He hires people to help him, but he is the one person most responsible.

3. There are three types of business enterprise:

   Sole ownership or proprietorship: a business owned by one person.
   Partnership: a business owned by two or more persons.
   Corporation: a business that has been incorporated under the laws of the state and is owned by stockholders.

   Each type of company has advantages and disadvantages. The sole ownership and partnership type of company have fewer government rules to follow but the owners take greater risks. They also can take all of the profit that the company does not need to reinvest in itself. However, if the business fails then they may have to give up their savings, their property, or even their furniture to pay off the debts of the company.

   The corporation has many legal rules and regulations which it must follow. However, the real owners, the shareholders, do not have any risk if the company fails.

4. When a business starts out, the business owner sets up a business plan. The business plan tells him what he wants to do, when he wants to do it, and how he wants to do it. The goals he sets must be realistic ones that he can meet within the time frame that he has set for himself.

5. The measure of success for any business is profit and growth. (In a non-profit corporation, the corporation is not allowed to make profit. Therefore, the measure of success for a non-profit business is growth.)

6. Within a business, there are four main subdivisions of responsibility. These are:

   Operations: that which has to do with producing the product or service.
   Personnel: that which has to do with the employees.
   Marketing: that which has to do with advertising and selling the product.
   Financial: that which has to do with the money used by the business.

CONCEPT STUDY SHEET NO. 2

Marketing

1. Marketing has to do with advertising and selling the product or service. This includes deciding how the product will be packaged, where it will be sold, how much will be charged for it, how the advertising will be done, etc.

2. There are several ways to advertise a product or service. Some are: television, radio, trade journals, magazines, newspapers, and direct mail advertising.

3. Three basic ways of selling a product or service are: direct selling (face to face contact), through distributorships, and by mail.

4. A sales projection is used to tell the business owner how much income he can expect to have, when he will have it, and how much production he will have to have in order to meet sales.

5. It is important for the business owner to forecast (try to tell what will happen in the future) so that he will be able to have products that will meet the needs of the customers. A good example is that of the business that made carriage bodies but went into making automobile bodies when the automobile was developed.

6. When the business owner tries to decide how much to charge for a product or service, he must do so in relationship to what people are willing to pay for his product. He cannot charge a great deal more than what anyone else is charging or the customers will not buy his product.

7. To determine how much to charge for a product, the business owner must decide exactly how much it cost for him to make it, how much it cost for his business to stay in operation and what percentage of that cost can be added to the cost of the product, and how much profit he wants to make.

8. The breakeven point is that point at which the businessman has made back what he spent to produce the product or provide the service.

9. Inventory means the goods that the business has waiting to be sold. Since inventory costs money to produce, it is important that the business owner has only that amount which he needs to meet orders.

CONCEPT STUDY SHEET NO. 3

Personnel Management

1. People work best when they like the job they are doing and are happy working where they are. The good business owner tries hard to make sure that his people are happy because he knows they will be more productive.

2. The business owner must make rules and policies so that the people who work for him know what they are supposed to do. These rules and policies protect the employees as well as the business itself. It is important for employees to know what their rights and responsibilities are so that they will feel comfortable in their day-to-day work.

3. In deciding whether or not to hire people, the employer must decide first of all that he has enough work to allow for adding another person to his staff. When he looks for an employee, he must find someone who has the experience and the skill to do the job that he wants to hire him for.

4. People should be placed in jobs that they are capable of doing. If they are not capable of handling those jobs, they will be very unhappy, and it will cost the business owner money. They may break things because they do not know how to do their job. The training process may take a long time. Sometimes it is worth it to train an individual for a job. At other times, it is better for the employer to hire someone who knows how to do the job already.

5. People work for two things: money and personal rewards. Personal rewards are things such as status, pleasure at doing the job, feeling productive.

6. There are four major types of compensation:

   Wages: based on the number of hours the individual works.
   Salary: amount paid on a weekly or monthly basis.
   Commission: a percentage of sales made.
   Piece Work: payment for each piece of work completed.

7. The employer also offers what is called fringe benefits. Fringe benefits are such things as paid vacations, paid sick leave, paid holidays, social security, workmen's compensation, unemployment insurance, pension plan, health and medical insurance. Fringe benefits cost the employer money, but he provides them in order to get good employees and keep them on the job. Some fringe benefits are required by law.

8. An employer must consider two things when deciding how much to pay an employee. He must consider what the employee's experience and the job requirements call for. He must consider what other employers in the vicinity are paying.

9. One of the most important things that an employer does is to delegate responsibility. This means that he gives someone under him a job to do. When he gives it, he must also give the authority to be sure that the job is carried out.

10. The most important thing that an employer must remember is that it is the people who work for him who make sure that his business can succeed. He must see to it that they are happy at their jobs, that they know what they are doing, and that he gives them the leadership they need in order to do what must be done.

CONCEPT STUDY SHEET NO. 4

Financial Management

1. In starting out, a business needs three things: ideas, people to carry out those ideas, and money.

2. A prospective business owner can look for money from several sources. These are: the private investor, the bank, the Small Business Administration, and the Small Business Investment Corporation. The private investor is a person or group of persons who have money they are willing to invest in a company. They want the company to do well so that they can earn money on their investment.

3. Almost every source of money charges interest on the money that it lends the company.

4. When the businessman decides where to go to try to borrow money, he must have a budget ready to take with him. The budget must show exactly how much money he will need. He will want to set up a line of credit. A line of credit is the total amount that he may borrow. He may ask for part of this total as he needs it. Warning: No more than the limit set by the line of credit can be borrowed.

5. A good businessman never borrows more than he needs because he must pay interest on the amount he borrowed until he pays the money back.

6. Because the cash needs of a business are not the same from month to month, the businessman must project regularly how much money will be needed for the coming month.

7. When the business starts to make money, the businessman then needs to determine how much cash, if any, he must borrow over and above the amount coming in in order to meet his costs.

8. Even when a company is doing well, it sometimes has to borrow money on a short-term basis. Money borrowed on a short-term basis is to pay bills while waiting for income to come in. Short-term notes are paid back quickly.

9. There are two basic kinds of costs: fixed costs and variable costs. A fixed cost is one that stays the same from month to month and is not easily changed. A variable cost is one that is easily changed. Rent is an example of a fixed cost.

10. Keeping records about money used in a business is called accounting.

11. In accounting you work with two things: assets and liabilities. An asset is anything that the business owns that has worth or value. An example is cash in the bank. A liability is anything owed by the business to another business or to a person or a

group of people. Liabilities are such things as bills, payments, salaries, etc.

12. It is important in a business to make sure that the assets are always greater than the liabilities.

13. The balance sheet shows the assets and liabilities of the company in a short form. On the asset side of the balance sheet are the value in dollars of all the things the business owns. The cash in the bank, accounts receivable, equipment, buildings, and any other property owned by the business are all included.

14. On the liability side of the balance sheet are accounts payable, notes payable, and stockholder's equity.

15. Accounts payable means all the money the business owes that must be paid within the next sixty to ninety days.

16. Notes payable are long-term debts. They are to be paid over a long period of time. The mortgage for the buildings is an example of a long-term debt.

17. When you look at the balance sheet, you can tell how it got its name. Both sides must balance at the bottom. In order to make it balance, the accountant subtracts the liabilities from the assets. The amount left over is what is owed to the owners or stockholders of the company. That is called owner's equity or stockholder's equity.

18. You find the net worth by subtracting liabilities from the assets.

19. Profit is the amount of money left over after all the costs have been paid out of the income.

20. If a business cannot cover all of its costs, it is in a loss position. If the business shows a loss, the businessman must look at his costs and see if he can lower some of them.

THE BUSINESS OWNER

1. One day you may want to go into business for yourself. You may think that this is early to start thinking about it, but it's not. Many people are operating their own businesses before they are 20 years old.

2. Have you ever watched someone do something and think to yourself, "I could do that better than he does." There are many people all around you who have felt that way and have done something about it. Who are they? They are the small businessmen and women in your community.

3. The man at the gas station, the grocery store owner, the doctor, the dentist, the farmer. At one time or another, they wanted to try something for themselves, and they did.

4. Renee Wise is 22 years old and runs her own dress company. She has always liked to sew. She has used her talent and know-how to start a profitable business.

5. Paul Keehr is 18 years old. He started out with one lamb that he traded for some geese. From this start, he has developed a poultry farm worth $35,000.

6. All kinds of people go into business. It isn't just the people who do well in school who make good businessmen and women.

7. Many successful business people did not finish high school. However, what you learn in school does help. The better your education, the better your chance to succeed as a business owner.

8. Starting your own business isn't so hard, but it does take good ideas, self-confidence, and a lot of hard work.

9. If they have to work so hard, why do people go into business instead of working for someone else? Well, most small business owners say that they like working for themselves.

10. They say that they work harder and longer hours than if they worked for someone else, but they like not having to report to a boss. When you work for yourself, you <u>are</u> the boss.

11. Owning your own business can be a great career, but it takes careful planning to make it great. Before you start out, you must decide what kind of things do you know most about. It would be hard to start a business you don't know anything about.

12. It is also better if you have worked in the kind of business you plan to open. You may not learn everything you need to know this way, but you can learn many things that will help make your own business a success.

13. And another important thing -- since you will be spending a lot of time doing it, you should like the kind of work you will be doing. If you like what you do enough, your enthusiasm will be catching.

14. If you start your own business, you will be your own boss. You will have quite a bit of freedom and independence to do what you want, the way you want to do it.

15. Independence is great, but it also gives you a lot of responsibility. The biggest responsibility is for the success of your business.

16. For instance, say you own a grocery store. As owner, you can say when the store will be open and closed.

17. But if you choose to keep the store open only between 1 and 3 o'clock in the morning, most of your customers will be sleeping and you won't make many sales.

18. Your responsibility to your business will make you work when your customers need the services you offer.

19. As boss, you must also make sure everything gets done, no matter what. Suppose the clerk you hired to work in your grocery store gets sick and can't work one day.

20. Will you close the store? No! You will have to do your job ...

21. And his, too.

22. As your business grows, you will be able to hire people to help you with different parts of your work. These people can help to make your job easier and can also free you to put your attention where it is most needed.

23. But before you hire anyone, you will want to make sure that you will have enough work for him or her to do. It wouldn't be fair to hire a person one day and fire him the next because you hadn't planned well and didn't have enough work.

24. When will you want to hire people to work for you? Where there is something to be done that you can't do yourself or when you don't have enough time or don't know how to do a thing.

25. You will waste money if you hire people you don't have enough work for. An employee must do enough work to earn the money to pay his salary and to make a little extra for the business. If he can't do this, it will hurt your company to employ him.

26. Another simple thing that can make or lose money for you is the space where you and your employees work. The building you work in costs you money whether you rent it or buy it.

27. A smart businessman will get the right amount of space for his needs. That way he gets the most for his money.

28. Do you ever wish that you were in charge for a day or two, so that you could make the rules? As owner of your own business you not only can, you will have to make the rules.

29. Suppose that you are the boss and you run a restaurant that is open between 7 AM and 8 PM. You have three people working for you. What would happen if you didn't set some rules about the hours everyone worked?

30 If you did not have a rule about when people come to work, all of your employees might sleep late and not come to work until 10.

31. If you did not have a rule about when people could leave work for the day, all of your employees might leave at 3 in the afternoon. For the next five hours, you would have to do all the jobs by yourself.

32. As an owner, your main responsibility is to your business. Everything you do, including making rules, must be done in order to make your business successful. If the business succeeds, your employees benefit just as you do.

33. How can you tell when your business is successful? One way is to see if it is profitable. What is profit? Profit is the money that is left over when all the costs have been paid.

34. Suppose you are running a restaurant. At the end of one month, you count the money you have received from the people who have eaten there.

35. You have $3,000. From this money, you must pay your business bills. These are such things as employees' salary, your salary, rent, insurance, and the cost of food you have served. Added together, these all come to $2,500. The money you have left over is the profit. Your business has made $500 profit for this month.

36. Making a profit isn't the only way to tell if a business is successful. Many business owners will take some of their profit and use it to help the business grow bigger.

37. Perhaps they will add more space to their building, new equipment, or they might want to add new kinds of things to those they already sell. This is called growth.

38. It is necessary for a business to remain in step with the times, to change when things need to be done differently, and to compete with other businesses. This is another side of growth.

39. A business which is growing may not show as big a profit as one that isn't because the owner is using some of the profit to help it grow. Such a business is still considered successful be-

40. Another measure of success is called stability. If a business does well for a while, then poorly, then well, and then poorly again, it is not stable.

41. A stable business is one that grows gradually without taking huge slides backwards.

42. There are three different forms a business can take -- sole ownership, partnership, or corporation. Each form has certain benefits and disadvantages so you will have to think carefully to decide which form is best for what you want to do.

43. In a sole ownership, one person owns the whole business. He must make all of the major decisions, and he can take home all of the profit if the business is doing well, and if it doesn't need to use the profits for growth.

44. If it isn't doing well and it goes into debt, the owner's creditors can not only take his business away from him, they can take his personal belongings such as his house or car to pay off the business debts.

45. In a partnership, two or more people own the business. This arrangement is about the same as a sole ownership, except that all the partners must share in raising money, making decisions, taking profit, and in being responsible for business failures and debts.

46. Most important, the partners must agree on major decisions. You can see that this could be complicated when there are many partners.

47. A corporation is somewhat different from sole ownerships or partnerships. In a corporation, ownership is broken up into small pieces called shares. The people who own shares of the business are called shareholders or stockholders, and are part owners of the business.

48. The shareholders may vote on different things concerning the business, but they don't take part directly in day-to-day decisions. They elect a Board of Directors and someone to manage the business for them.

49. Although the stockholders don't make decisions individually, as a group they do have control of what happens. If they don't like the way that the business is being run, they can vote to elect new Directors. Each share is worth one vote.

50. Some of the good things about corporations are that not everyone needs to agree for a decision to be made. The majority of shares voted decides. If the business gets into debt, the owners will not lose their personal belongings. It is also easier to raise money for a business if it is a corporation.

51. There are many more laws saying what a corporation can or cannot do than for sole ownerships or partnerships. And, also, the person who runs the business must report to the Board of Directors. He doesn't have as much freedom as if he owned the business himself alone, but he doesn't have as much risk either.

52. Every business, no matter what form it takes, has four main parts. They are marketing, operations, financial, and personnel. As a small business owner, you may have to do them all. As your business grows, you will hire other people to help you.

53. Marketing is the part of business concerned with selling a product. It is trying to figure out what people want to buy and deciding what is the best way to sell your product. It is also concerned with advertising and actually selling the product to the customer.

54. All the things that have to do with actually producing the product you sell are called operations.

55. This is the most important part of the business because this is what gives it something to sell. Marketing, personnel, and finance are all designed to help operations do its job.

56. The financial department speaks for itself. Everything that deals with money comes under this department -- how much money you take in, how much you pay out.

57. Besides keeping careful records of all money matters, the financial department advises an owner about the financial position his company is in. It helps an owner make financial plans and tries to predict any financial problems that may occur in the future.

58. When you are managing the personnel part of your business, of course, you will be dealing with your employees. You will be deciding whom to hire, and when to hire them -- who deserves a raise, and who does not.

59. This may sound like a lot for one person to handle, and it is. But many things you do as a business owner includes all four areas. For instance:

60. Suppose you are running a beauty shop, and you decide that you need a new manacurist. You interview several people and finally decide on one whom you will pay $2.25 per hour.

61. This action included three areas of business. Recognizing that you needed one more person to get the work done was "operations". Interviewing and hiring someone falls under "personnel", and deciding to pay $2.25 is in the "financial" area. So you see, it isn't as difficult as it seems.

62. With all the things you must keep in mind while managing a business, it is very easy to get confused. With so many little things claiming your attention, it is easy to forget the big things.

63. In order to keep things straight, business people set goals for themselves. They decide what things they want to achieve. Do they want to make a certain amount of profit? Do they want to expand their business? How big do they want the business to get?

64. Once goals are set, a business person will use them to evaluate his progress. Every once in awhile he will look at his business and look at his goals to see how close he is to achieving them. To be useful, goals must be ones that can be reached.

65. For instance, suppose that you own a small grocery store and one of your goals is to expand your business. Can you really expect it to become as big as the big food chain stores in six months? No! Of course not.

66. You will have to make your expansion plans easier to reach. Perhaps reaching chain store size in ten years would be a realistic goal, but in the next six months a small addition to your present store would be more realistic.

67. Once a business owner has set goals for his business, he then makes a business plan. This plan sets down what he needs to do to reach his goals.

68. This plan will list what his goals are, how long he gives himself to reach them, and what he must do to achieve them. This may include such things as how many people he will need to hire, how much money he will need, what kind of building and equipment will be required.

69. When all this is set down on paper, the business owner decides the time limits for him to complete each part of the plan. He can then follow his plan to help him reach his business goal. One important thing about a business plan is that it can be changed if it has to be. Sometimes conditions change so much that the first plan cannot be followed. A new one has to be made up.

70. If this sounds like a lot of trouble to go through it really isn't. With all of the things a business owner has on his mind it is easy to get distracted from his main goals, and if he looks over his business plan once in awhile he can judge if what he is doing is taking him toward his goals.

71. Does this seem like a lot for one person to know, remember, and then do? You're right, it is. Even for people with many years of experience. You may need help, and help is available.

72. The United States Government has set up a special agency to help small business owners. It is called the Small Business Administration.

73. The Small Business Administration publishes many books and pamphlets about every phase of business ownership. They also have teams of experts who can help a business owner with problems he may be having.

74. There are many other people who will be willing to help you with encouragement and advice -- your family, friends, and other business people, to name a few.

75. If the things we have been talking about sound exciting to you, business ownership may be in your future. It can be a great career.

76. This film was prepared by the National Business Education Association for the Bureau of Occupational and Adult Education, Curriculum Center, U.S. Office of Education.

MARKETING

1. We've said that marketing is an important part of business, but what exactly is marketing? In its largest meaning, marketing is presenting a product to people and selling it.

2. But marketing is more than just selling an item. It is also figuring out what people want or can be talked into wanting. It is also creating a desire in people to purchase what a company has to sell.

3. One of the first things a business owner must know is what people want to buy and what they are willing to pay. To find this out, he or she may talk to friends and customers, and ask their opinions.

4. He may do more formal things such as sending out questionnaires. These activities are called market research -- finding out what people will buy. Obviously, it is a very important part of running a business.

5. Market research can definitely help an owner plan for the future. If a business owner tries to sell a product or a service that people don't want, he will not sell very much. That means he won't make any money and can't stay in business. On the other hand, if he can use his market research to discover something that people want that he can provide, he can make many sales and may make a good deal of money.

6. Once market research has discovered what it is that people want, then the product or service must be developed, if it is not already in existence.

7. For instance, if you owned a grocery store and found that people wanted a certain brand of frozen food then you would carry that brand.

8. But, if you found that people wanted a complete butcher department where they could get meat specially cut, you would have to develop that service.

9. You would have to find out how many more people you would have to hire, how much space you would need for the new department, what new equipment you would need, and how much you would have to charge for the meat. Then you would have to find out if people would buy meat at these prices. This would be developing a new line of business.

10. When all this has been done, the services or products offered by your business must be advertised or promoted so that the public will know what you have to offer.

11. There are four major ways of advertising a product. The most familiar way is broadcasting on radio and TV. This is an extremely expensive way of advertising, but it usually reaches more people than other media.

12. If you own a neighborhood business like a garage, or have a specialized product such as textbooks, this kind of advertising would not be best for you. You can reach your customers less expensively with a different kind of advertising. Radio and TV commercials are more helpful for someone whose business can attract customers from a wide area. An automobile dealership is a good example of such a business.

13. Advertisements in newspapers, magazines, and trade journals reach a large number of people in a wide area and are less expensive than TV and radio advertising. If your product is of interest to a wide variety of people, you would use newspapers and magazines.

14. If you want to sell a specialized item, such as this instrument for cleaning dog's teeth, you would advertise in a trade journal for veterinarians. These journals reach a limited number of people, but they are exactly the people you want as customers.

15. A third method of advertising is by direct mail. Direct mail is when a business sends out printed sheets or catalogues showing their products or advertising special sales.

16. A business owner may send his ads to people in his neighborhood, if he has a neighborhood business such as a dry cleaners or a food market. Or he may purchase a list of names of people or businesses from all over the country that might be interested in his product.

17. Another way of advertising is to attend trade shows. Various kinds of businesses and professions hold product shows and conventions during the year. If the businessman has a product that might interest a particular group, he could rent space at their show, set up a booth, and display his products.

18. Teachers, principals, and other school employees have conventions throughout the year. If your business were making textbooks, setting up a booth at those conventions would be a good way of letting large numbers of teachers learn about your product.

19. While almost all businesses use at least one method of advertising, many use a combination of methods to reach the people who might be interested in a product. Just as there are various ways of advertising a product, there are also several ways of selling it.

20. The most familiar way is direct selling. This is when you present the product to your customer individually. The door-to-door salesman is employing direct selling. So is the owner of a drugstore or a gift shop. All of these people see their customers face to face and use their own personalities in helping to sell their products.

21. Another method of selling is by mail. A business owner may send out catalogues from which people may order merchandise. He may also print coupons in magazines or newspapers which people can use to mail in and order products.

22. An owner can also employ distributors to sell his product. He can either get an established store to carry his goods or hire an individual salesman to visit prospective customers. Usually these salesmen will sell the products of several different manufacturers.

23. A business person must examine all kinds of selling techniques to see which best fits what he has to offer. Sometimes a combination of methods is used.

24. We have talked about what market research can tell you about what people want to buy today. It can also help you see what people will be wanting in the future. A business that is to continue to have high sales must always keep up with what the public wants.

25. Wants and needs change from year to year and even from month to month, and a small business owner must look ahead to see what these changes will be and change his products to keep up with them. Like a weather forecast, a business forecast looks into the future and tries to predict what will happen.

26. For instance, when people started using automobiles instead of horses and buggies, the buggy whip was not needed any more. If a man who made buggy whips did not see this and change his product, he went out of business.

27. Forecasting market changes shows a business person what is going on in his field of business and what changes he will need to make in his products in order to keep up.

28. A sales projection will tell him how much of his products he will probably sell and when he will sell them. If a business owner knows approximately when and how many of his products he will sell, he will know how many to make, how many people he will need to make them, how many new materials he needs to buy, and by what date he needs to have the products to his customers.

29. A sales projection, then, is a way to decide what schedule the business needs to follow in order to have the best chance to succeed.

30. For instance, if he owned a business that made toys, a sales projection would tell him that his toys are sold in the stores during November and December because kids get the most toys during the holiday season. During the rest of the year not as many toys are sold.

31. The toys must be in the stores no later than October. Once he knows this, he knows that he must order the materials for making the toys and hire the extra people for making them during the spring and summer of the year.

32. After that time, he will need fewer employees and production will slow down. If he hadn't done a sales projection, he might not have had enough toys ready for the holiday season and would have lost a lot of sales. Or he might have made a lot of toys.

33. A sales projection, then, can be most helpful in two areas: telling you how much of a product to produce, and telling you when to produce it.

34. When a business person talks about inventory, he is talking about how many materials or products he has in his place of business. In a grocery store, the inventory consists of the different cans of food, packages of meat, vegetables, and so forth that the grocer has on his shelves and in his storeroom.

35. The inventory in a gas station is the gasoline, oil, tires, and different car parts and products in the station.

36. When a business person buys products which he will, in turn, sell to people or will make into something to sell, he is using money that he might otherwise use for something else, such as paying taxes or salaries.

37. He won't be able to get that money back until he sells his products to customers, so he must be very careful not to buy too much of anything. Having something sitting on the shelf waiting to be sold is like having your money sitting there where you can't use it.

38. On the other hand, if a business owner does not order enough of a certain item and runs out just when customers need it, he will lose sales. If this happens very often, the business will lose customers because people will begin to believe that that particular business won't have what they need and won't go there in the future.

39. A businessman, with his inventory, is like a tight rope walker. If he leans too far to one side or the other, he will be in trouble. If he doesn't order enough inventory, he will lose sales.

40. But, if he orders too much of something or items that don't sell rapidly, money that he may need for other things will be setting on his shelves in the form of unsold products.

41. How does a business owner set the price of his goods so that they will sell rapidly and profitably? There are two major groups of things that enter into setting a price. One is the amount it will cost to make a product, and the other is what it can be sold for.

42. To make sure that items do sell and sell steadily, it is most important that they are priced correctly. An item must be priced low enough that customers will be willing to pay for it, and high enough that profit will be made from the sale.

43. How much it will cost a businessman or woman to make a product is determined by factors mostly within the business. These are the direct and indirect costs. Let's take a look at how a business owner goes about finding out how much it will cost him to make a new product.

44. First, he must consider how much he had to pay for the materials that go into the products being sold. Then he must add on what he has to pay his employees to make or sell the product. This includes not only their salaries, but also things like social security, unemployment insurance, and any fringe benefits employees may receive. These things are called direct costs.

45. After he adds in the direct costs, an owner must also figure in his indirect cost. This is some of the cost of his buildings, machinery, and equipment, and utilities like gas, water, and electricity. Part of the salaries of employees who work for the business but don't work directly making the product, such as secretaries and presidents, must also be added into the price.

46. Of course, not all of the cost of every one of these things is added into every product sold. But a part of each one of them goes into the price of every item.

47. On top of all of this, the cost of advertising or selling the product must be added in. Last, but not least, the profit must be figured in. When this has been done, he will have arrived at the price for which the product must be sold.

48. Another thing that a business person must think about when he is planning to manufacture a new product and setting a price is something called the breakeven point.

49. The breakeven point is when you have made as much as you have spent. After that point, you start to earn a profit. Suppose you decide to have a bake sale. You have to buy supplies and make the baked goods you are going to sell. Let's say that costs you $15.00.

50. You must sell $15.00 of baked goods to reach your breakeven point. If you only sold $15.00 worth, then you "broke even" -- you did not make a profit nor lose money. If you sold $10.00 worth, then you did not "break even" -- you lost $5.00. If you sold $20.00 worth, then you have made $5.00 profit.

51. A business has more costs than just supplies, of course, but the idea is the same. The breakeven point is when you have made back what you have spent.

52. But these costs are just the costs within your business that affect the price of your products. There are several other factors outside your business that could affect the price you set on a product.

53. One of the things that can affect pricing is supply and demand. If there is a small supply of your product to be sold and a large public demand for it, of course you can charge more. But if there is a large supply of the product and not much demand for it, you will have to lower your price.

54. Sometimes a major competitor will set the price of an item. If you want to compete with what he is selling, you won't be able to sell your product for much more than he is -- unless yours is quite a lot better than his.

55. You might find that you can't make a product as cheaply as it is being sold on the market so you will have to decide on something else to manufacture.

56. The effective marketer must be able to predict what people need and develop products to meet those needs. He must advertise those products so that people will know about them and buy them. He must price his products so that a profit is made and the products will still sell.

57. When we talk about selling a product many people think only of advertising, but the business owner knows that there is much more to it than that.

58. Marketing or selling a product has many parts to it and each is so important that it can make or break the success of the business.

59. Marketing is never easy, but when it is done well it can make the difference between a business that is a failure, just struggling along, or a booming success.

60. This film was prepared by the National Business Education Association for the Bureau of Occupational and Adult Education, Curriculum Center, U.S. Office of Education.

PERSONNEL

1. The area of personnel management can be one of the most enjoyable parts of running your own business. You can't hold an interesting conversation with a machine, and a balance sheet can't tell you a joke. Only people can do these things.

2. On the other hand, personnel can be the most difficult part of your job as an owner. A balance sheet may not be able to tell a joke, but it can't talk back to you, either. Neither will it be late to work. A truck won't come to work grouchy because it had a fight with its girlfriend.

3. People are the most enjoyable -- and the most difficult part of management. It is your job as manager to make sure that there are more good times than bad ones.

4. Although he may hire many people to help him, it is the owner who has the final responsibility of making sure that the employees are doing their jobs correctly and that the business is running well.

5. To do this, he must lay down certain rules and policies and see that they are followed. A business cannot run with everyone doing only what they want when they want to.

6. Some rules are to protect the business and some protect the employees, but most rules will protect both.

7. In some businesses, it is a rule that everyone must wear safety shoes. These are shoes with a metal shield for the toe and extra heavy soles. They are worn in jobs where something might drop and crush the toes or where something might be on the floor that could cut through the sole of normal street shoes.

8. Whom does this rule protect? It protects the employee from possible injury to, or loss of, his feet. It also protects the employer from high insurance rates and loss of production time due to employee injuries.

9. The business owner must find the best employees for his business. He must interview and select people who have the right skills and experience, and appear to be dependable. He must keep them at their highest level of productivity. To do this, he must make sure that all the people and their surroundings contribute their utmost to this end.

10. Some business owners say, "I own this business, and I pay my employees to work not to be happy." This is perfectly true. The reason an employer hires people is to work, but most people work better when they are happy.

11. How will you decide on the employees you hire? First, you must look around and see what kinds of jobs need to be done. What skills are needed? If you need someone who knows how to tune engines, you wouldn't hire someone trained as an actor.

12. Next, you will have to decide how much work there is and how many people you will need to get it done. If you hire too many people for too little work, you will waste money.

13. On the other hand, if you employ too few people for too much work, your employees will be overworked and unhappy. This will lead to poor workmanship, and you will lose customers and money if you sell a poor product.

14. Once you have decided what kind of job needs to be done and how many people you need to do it, you must see what people with the skills you need are looking for work in your area, and then hire your employees.

15. When you are going to hire a new employee, you want to get the best person for the job you have open.

16. For example, suppose you are running a garage and need an auto mechanic. If five men who have been trained in auto repair with several years of good experience apply, you would not hire someone straight out of auto mechanics school with no experience.

17. On the other hand, if the person just out of school was the only one who applied who knew anything about auto repair then, of course, he would be a good choice.

18. When you set out to hire a new employee, you will have to decide what his pay will be. This is not always as easy as it may sound.

19. Certainly the kind of job you are hiring him for will have a lot to do with what you pay an employee. You wouldn't pay a stock clerk ...

20. The same as you would a pressman. One job takes much more skill and training to do than the other.

21. If you did try to pay these two people at the stock clerk's rate, you probably wouldn't be able to hire the pressman. He could get a better paying job some place else.

22. What other employers are paying for similar jobs will help to determine what you will pay your employees. If you don't pay about as well as other employers, you won't be able to hire anyone.

23. However, if you pay much more than other businesses, you will have to add this extra cost into the cost of your product. That may make it cost too much and be less attractive to customers.

24. Although you must pay salaries which are pretty close to what other people are paying for the same skills, you do have some leeway. Most important, you must consider what you can afford to pay a new employee.

25. Perhaps you can't afford to pay her quite as well as other people, but you might be able to offer her other things besides pay -- better working hours, nicer surroundings, etc.

26. And last, but not least, you must consider the employee herself. Naturally, you will have to pay a more experienced person more. But this doesn't mean that the less experienced person is always the biggest bargain.

27. You will have to pay the experienced person more money than an inexperienced one, but he may be more productive. However, you might have to spend a lot of time and money teaching the inexperienced person things that an experienced person would know right from the start.

28. All people, both experienced and inexperienced, look for two major rewards from their work. The first and main one, of course, is money. And the second one is personal rewards.

29. These are things like feeling respected, feeling important, and feeling that you are contributing something worthwhile to the business and to the world -- feeling as though you are working at something you can be proud of. And, perhaps most of all, liking your job.

30. If you can increase the personal rewards of a job, you may be able to pay the employee doing it a little bit less than if it had no such rewards, and a happy employee will most likely produce more because he isn't using up his energy disliking his job.

31. If a person is really happy at his job, he will not demand as much money to do it. On the other hand, all of the money in the world may not be enough pay for a person to do a job that he dislikes.

32. Pay comes in several different forms. An owner must decide which form is most suitable for his business and for his employees. One of the most common is wages.

33. For instance, if you are baby sitting for a neighbor's children and you charge $1.00 an hour, the money you receive is called wages. A person is said to be drawing wages when he is being paid "by the hour". He will be paid a certain amount of money for every hour that he works.

34. Generally, wage earners punch in and out by a time clock. If they are late, they have money taken off their pay checks. However, if they work for a few minutes or hours over the normal working day, they will be paid extra or "overtime" for it.

35. A person said to be "on salary" is paid by the week or by the month. His time isn't watched quite as closely as the time of the wage earner. A salaried employee can be a few minutes late coming in to work in the morning without having money deducted from his pay. If he does it too often, however, he may lose his job.

36. Of course, he may be asked to work late on some nights and perhaps not be paid overtime for it. If he travels during the week-end for the company, he may not get overtime pay for that either. Salaried people may or may not get overtime.

37. Suppose you have a paper route and the newspaper company says for every ten papers you sell they will pay you the price of one newspaper. You are being paid a 10 percent commission. This is when a person's pay consists of a percentage of what he makes for the company.

38. Many salesmen are paid this way. The more they sell, the more they make. Because their sales are not always the same from month to month, many companies will make some arrangements for people on commission to take some money in advance and then charge it against their future commission earnings.

39. One other kind of pay is called piece work. With this form of pay, the employee is paid a certain amount of money for every piece of work she or he produces.

40. For instance, a person who presses clothes in a dry cleaning store might get paid 10¢ for every piece of clothing he finishes. He is said to be doing piece work. He makes money by working faster.

41. Sometimes employees are paid by a combination of these various systems. It is up to the employer to see which system or combination of systems is best for his business.

42. Almost all employees, these days, no matter how they are paid, receive some extra benefits from their employers. These may include: paid sick leave, holidays, vacations, and various kinds of insurance and pension plans.

43. While the employee never sees the money that goes into these things, they are quite valuable to him and may be worth up to another 1/3 added to his salary.

44. When you hire someone, it will be because there is too much work for you to handle by yourself. How do you decide which things you want your new employees to do?

45. You would probably want a new employee to do some of the things that you do least well or some of the things that take you away from more important business.

46. For instance, if you were running a restaurant and doing everything except waiting on the tables, you might find that you didn't have enough time to order supplies and run the cash register.

47. You might hire someone to do the cooking for you so that you could do these other things. You might decide to continue to cook and hire a cashier.

48. There are some things, however, that you should be careful about letting other people be responsible for if you want to control your business.

49. It is possible for you to lose control of your business if you are not very careful about certain things. One of these is handling money. If you do not keep a close check on the financial situation of your company, then you may very well have trouble on your hands.

50. A cashier, bookkeeper, or accountant who did not do his job well could severely damage your business. If you did not keep a close check, you might find out too late to keep your business going. You must be very careful when it comes to the financial end of your business.

51. If you hire a cashier instead of taking care of the register yourself, you must hire someone who is trustworthy. Even then, you should always check the money at the end of the day.

52. If you hire a bookkeeper to do some of the financial work of your business, you should hire an outside auditor to come in and check the accuracy of the bookkeeper.

53. Problems may occur with anyone holding a responsible position. It is of great importance that you keep track of all responsibilities you give to other people to make sure that they are being done correctly. The bigger the responsibility, the more important it is that you know what is happening.

54. In any business, the owner must stay in contact with every part of his business at all times. This helps him make the best decisions for his company.

55. Staying in close contact with what other people are doing also encourages them to do a better job.

56. It also means that the business owner has a chance to see how good his employees are. He has a chance to change things if he finds that he gave an employee the wrong job or the wrong responsibility.

57. Once an owner has decided which job he is going to give to someone else, he must be sure that the employee is someone he can trust to do a good job.

58. It goes without saying that a small business owner should be sure that an employee knows how to do a job before he assigns it to him, or that he can learn to do it without much problem.

59. If you give an employee responsibility for getting a job done, you must also make sure you give him the authority to get it done. If you don't want him to have the authority or don't think he can handle it, then don't give him the responsibility.

60. For instance, the owner of a printing company has three linotype operators working for him. If he gives one of them responsibility for making sure that all the typesetting gets done, then he must also give the man the authority to tell the other employees what to do. If he doesn't do this, the leader won't be able to get this work done.

61. If something goes wrong and the leader must make an important decision, such as assigning work, disciplining someone, or sending a sick worker home, you must stand behind his decision.

62. If you find that the leader is making decisions that you don't like and you feel you cannot stand behind him, you must either try and work with him to correct his mistakes or take the responsibility and authority away from him.

63. Although a business owner may be able to assign many jobs and responsibilities to his employees, the final responsibility for the success or failure of the business is his own. He can never give that to anyone else.

64. Trying to be a fair employer, trying to see that all of your employees are as happy as possible and still keeping up a high rate of production is no small job. But it can be the most rewarding job you have.

65. This film was prepared by the National Business Education Association for the Bureau of Occupational and Adult Education, Curriculum Center, U.S. Office of Education.

FINANCIAL MANAGEMENT

1. When starting a business, there are several things that are needed: ideas, people to carry out those ideas, and money.

2. The business cannot operate without money, no matter how good the ideas or how good the people.

3. Where can a prospective business owner get money? He probably has very little in the way of savings himself, so we can expect that an outside source is going to provide most of it.

4. One source of money is the private investor. This is where an individual or individuals who have sums of money are willing to invest them in the company. For this, they usually get a share in the stock, and quite often have a voice in how the business operates.

5. A second source of money is the bank. When a potential businessman has a good plan and something to use as security, he can borrow money from the bank.

6. A private investor may or may not ask for interest to be paid on the money he lends. The bank definitely will.

7. Interest rates are different from time to time, depending on the state of the economy. They may also be different from bank to bank.

8. Another source of funding is the Small Business Administration. SBA, as it is called, has been designed to help the small business owners to establish and operate their own businesses successfully. Usually, to get a loan with the help of the SBA, the prospective business owner must have been turned down by banks or other sources.

9. Small Business Investment Corporations are another source of money, or capital, for operating a business. These are set up by private companies as investment corporations. They lend money to prospective businessmen.

10. Because they are set up for a specific purpose, they are not as hard to borrow money from as a bank might be. They recognize that there is a special risk in lending money to a small business, but they feel that the risk is worthwhile since it helps businesses to get started.

11. When the businessman decides where to go to borrow money, he must have a budget ready to take with him. It must show exactly how much money he will need. He arrives at the amount needed by adding up all of the costs that he expects to experience until the time that he expects to have money coming in.

12. To make his budget, first he writes down all of the things he will have to spend money on. These will probably include: rent, salaries, fringe benefits, supplies, utilities, and telephone. It may also include materials and equipment.

13. When he has listed all of the things he will have to spend money on, he then must decide how much he believes he will have to spend for each. He may not know the exact amount, but he must come as close as possible.

14. He does this for each month for which he expects to have to borrow money.

15. When the business owner goes to borrow money, he will not borrow all of the money he may need for those months all at once. He will want to be able to borrow a little at a time until he has met all of his needs.

16. He will want to set up a line of credit. A line of credit is a total amount that he may borrow. He can ask for a part of this total as he needs it.

17. As he borrows more, the additional amount is added to what has not yet been paid back and so on. Warning! No more than the limit set by the line of credit can be borrowed.

18. A good businessman never borrows more than he needs because he must pay interest on the amount he borrowed until he pays it back. He must plan carefully for his expenses.

19. Because the cash needs of a business will not be the same from month to month, the businessman will have to project regularly how much money will be needed for the coming month.

20. When the business starts to make money, then he will determine how much cash, if any, he will need to borrow over and above the amount coming in, in order to meet his costs.

21. He will have less need to borrow money except on a short-term basis as his business becomes more successful. The company has to have money to continue to operate while it is waiting for its customers to pay their bills. The company will borrow money on a short-term basis and will pay it back when the customers start to pay what they owe.

22. If profit does not grow as rapidly as the business owner would like, then he may have to examine his costs and see where he can make savings.

23. To see how this is done, let's divide his regular monthly costs into fixed costs and variable costs.

24. A fixed cost is one that stays the same from month to month and is not easily changed.

25. A variable cost is one that may not be the same from month to month. It is easily changed.

26. The rent and leased equipment would be fixed costs. The business owner can change them, but it will take time to do so. For example, he might be able to rent out a part of the building he himself is renting. Part of his rent cost would be paid for him then. However, it would take time to do this.

27. Variable costs are costs that he can change by taking immediate action. Salaries are an excellent example of a variable cost.

28. Any time someone is hired, the salary costs go up.

29. When someone is taken off the payroll, the salary costs go down. The business owner can make a change in the total salary costs very quickly.

30. A business owner must always be well aware of what his cost level is in any part of his business. He can know this by keeping records of all his costs.

31. The businessman will want to keep records that are true and accurate, yet at the same time give the best possible picture of how his business is operating.

32. Keeping records about money used in a business is called accounting. In accounting, you are working with two things -- assets and liabilities.

33. An asset is anything that the business owns that has worth or value. This includes things such as cash in the bank, money owed to the business by customers, equipment, buildings or property, raw materials, inventory, and so on.

34. A liability is anything owed by the business to another business, or to a person, or a group of people. Liabilities are such things as the telephone bill, lease payments, salaries owed to employees, bills from suppliers, and so on.

35. Remember, an asset is anything the business <u>owns</u>. A liability is anything the business owes to another business, or to a person, or a group of people.

36. If business were a game, you would keep score by comparing the assets to the liabilities. If the total assets are greater than the total liabilities, the business owner wins.

37. If liabilities are greater than the assets, the businessman may have to change the way he plays the game, or he won't be able to play any more.

38. The scorecard for the business is the balance sheet. The assets and liabilities are listed on the balance sheet in a short form. This makes them easier to read than if you had to sit down and go over all the records of the business.

39. On the assets side of the balance sheet are the values in dollars of all the things the business owns -- its cash, accounts receivable, equipment, buildings, and any other property owned by the business.

40. Cash is the money in the bank that is ready for use at any time. It is there to meet payroll and for day-to-day expenses.

41. Accounts receivable is the total of the money owed to the business by customers, for work already done. People and companies alike cannot always pay as soon as they get the bill.

42. Equipment means the total value of the equipment the business owns, including that which has not yet been completely paid for.

43. Buildings and property is the total value of the buildings and property owned by the business, including that which has not been completely paid for.

44. On the liabilities side of the balance sheet are accounts payable, notes payable, and stockholder's equity.

45. Accounts payable is all the money the business owes that must be paid within the next sixty to ninety days. An example would be the telephone bill. They are short-term debts.

46. Notes payable are long term debts. They are paid over a long period of time. A mortgage that pays for the building would be a long-term debt and would be listed under "notes payable".

47. From looking at the balance sheet, you can tell how it got its name. Both sides must balance at the bottom. How can it always balance?

48. When the accountant subtracts the liabilities from the assets, the amount left is what is owed to the owners or stockholders in the company.

49. The balance sheet, then, is a way of comparing the total assets and the total liabilities of the company. It shows at a glance the most important financial information about a company.

50. As the scorecard it not only gives a summing up of the play by play, it also gives the score for that playing period. You can tell whether the businessman is winning or losing by reading the bottom line on the liabilities side, before the total.

51. Sometimes called owner's equity, the bottom line is really the net worth of the business.

52. Finding the net worth of any business is a simple problem in subtraction. Assets less liabilities equals net worth. Running a business so that the net worth keeps getting larger is not so simple.

53. Every business must make enough money in income to cover all its costs. A profit-making business must take in more than enough income to cover all of its cost. It must bring in enough to cover all costs and make a profit as well.

54. If it cannot cover all of its cost, it is in a loss position. Loss is shown by putting brackets around the number at the bottom.

55. If the business shows a loss, the businessman must look at his costs and see if he can reduce some of them. Those brackets at the bottom of the line are a sure clue that something has to change. Either sales have to go up, or costs have to go down, or both things have to happen.

56. The business owner must always be on the lookout for clues to what may become problems in his business. It is part of his job to solve problems before they seriously hurt his business.

57. He must consider all the parts of his business every day. The financial side of his business is important, but it is not the total business picture.

58. The other parts of the business picture -- operations, personnel, and marketing -- are equally important.

59. The financial records tell how money is being used by the business. Money is vital to the life of a company. But without people and ideas, money cannot make a company successful.

60. This film was prepared by the National Business Education Association for the Bureau of Occupational and Adult Education, Curriculum Center, U.S. Office of Education.